



National Bank Limited
A Bank for Performance with Potential

What Do the Customers Think?
An Evaluation of New Products
& Services of National Bank
Limited

B

INTERNSHIP REPORT **ON**

“What Do the Customers Think?”

**An Evaluation of Products & Services (Online
Banking & ATM) of NBL ”**

Prepared for:

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Department of Banking

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Date of Submission: July 20, 2009

July 20, 2009

DECLARATION

I hereby declare that the internship report titled “*What do the customers think? An evaluation of new products & services (online banking & ATM) of National Bank Limited*” is submitted in partial fulfillment of the requirement for the award of the degree MBA, Department of Banking, University of Dhaka is my master piece and has not been submitted for the award of any other degree the like.

Under the supervision of –

.....

Md. Hasibul Alam Chowdhury

Lecturer & Internship Supervisor

Department of Banking,

Faculty of Business Studies,

University of Dhaka.

LETTER OF TRANSMITTAL

Date: 20.07.09

Md. Hasibul Alam Chowdhury

Lecturer

Department of Banking

Faculty of Business Studies

University of Dhaka

Subject: Letter regarding submission of internship report.

Dear Sir,

I have the pleasure to submit an elaborate internship report on “What do the customers think? The new products and services (online banking & ATM) of National Bank Limited” as the requirement of my MBA program. I was assigned to work at National Bank Limited, Elephant branch, where I have learnt a great deal about banking practices in Bangladesh. I am confident that my dealings with the bank have certainly improved both my practical experience & theoretical knowledge to a great extent.

It was definitely a stunning opportunity for me to work on this assigned topic to actualise my knowledge of MBA program. I have written this report based on my exposure to ‘what do the customers think? The new products and services (online banking & ATM)’ of National Bank Limited. It is a great pleasure for me to present you this report on practical practice in banking system.

I have given my maximum effort to reflect experience, skill and knowledge, which I acquired at the time of orientation in Bank through this report. All of my efforts will be successful if the report can serve its purpose.

Thank you very much for your kind cooperation and guidance.

Sincerely yours,



.....
K. M. Anwarul Islam

Department of Banking

Faculty of Business Studies

University of Dhaka

ACKNOWLEDGEMENT

No study can be performed without the help and assistance of others. My study on the new product and services of National Bank Limited would not have been possible without the support of some kind hearted people.

First of all I would like to pay my tribute to the department of banking as motivated to do an internship in any organization. It is indeed a great pleasure and honour on my part to have the opportunity to submit this report of practical study in National Bank Limited, Elephant Branch, at Elephant road. This practical orientation was meant to familiarize me with the real life banking. Then, I would like to thank my supervisor Md. Hasibul Alam Chowdhury, University of Dhaka that spent a great deal of time and efforts in various stages for preparation of this report and immeasurable suggestion for upgrading its standard.

Yet I have completed my study on National bank limited and it would not have been possible without the help of some kind-hearted people in the bank. I will be ungrateful if I fail to appreciate their kindness and thank them.

I would like to express my deepest gratitude to those people of National Bank Limited and my honourable faculty for the advice, guidance and valuable suggestion in preparing this report.

EXECUTIVE SUMMARY

This report is prepared for MBA. In this report all of those experiences was measured which I have earned when I was doing my internship with the National Bank Bangladesh Ltd. When I was doing this report I have learnt a lot about the banking sector of Bangladesh.

Consequently I am very much glad to be introduced with different kinds of personnel of the bank. In this report I have tried to include all of those finding about the new products and services of the national bank and how this sector of NBL is getting popular day by day by these sectors.

For the report I have surveyed 150 customers of the two branches of National Bank and I have got a lot of information about their perception and idea about the new products and services of Bank. In my survey there was an open ended part and it was very helpful for me that almost all of the customers were very much helpful to me.

All over the report I have tried to maintain the structure which I have got from my honorable faculty and I have tried to include all of those findings which were directly or indirectly related to my research. It was a great life with my colleagues and my customers. I have enjoyed my internship life a lot.

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Chapter 1: INTRODUCTION

1.1. Background of the Report

The study of any academic course has a great value when it has practical application in the real life. Theoretical knowledge will be less important unless it is applicable in the practical life. So we need proper application of our knowledge to get benefit from our theoretical knowledge to make it more fruitful.

The internship program is an integral part of MBA program. After completion of MBA academic courses, students are sent to different organizations to expose them to real life management situation in the profit seeking commercial under takings. This theoretical knowledge that we have acquired from class lecture, books, journals, case studies, seminar, project, workshop etc, is replenished in the practical settings. Here we also set an opportunity to realize the relevance and usefulness of the learning

1.2. Methodology

This report was totally about the practical experience of internship life at National Bank Bangladesh Ltd. The report is divided into two parts, and all of the findings of two separate parts are described with the respective parts. The organization part was collected

from the various sources of National Bank and those sources are shown at the end of the report. Consequently the methodology of the project part is mentioned in the project part. At the last part of the report some references of the NBL personnel, some important documents and appendix are attached. To prepare this report I got a lot of report on banking sector from our library and those helped me a lot to complete my report.

Chapter 2: Overview of National Bank Ltd

National Bank Limited, the first private sector commercial bank of Bangladesh, came into being on the 23rd March 1983 as a result of the collective efforts of some eminent bankers, entrepreneurs, business magnets and reputed social worker of the country. The member of the board of directors is creative businessman and leading industrialist of the country.

To keep pace with time and in harmony with national and international economic activities and for rendering all modern services, NBL, as a financial institution automated all its branches with computer network in accordance with the competitive commercial demand of time. Moreover, considering its forth-coming future the infrastructure of the Bank has been rearranging. The expectation of all class businessman, entrepreneurs and general public is much more to NBL. Keeping the target in mind NBL has taken preparation to open new branches by the year 2008. The expectation of all class businessman, entrepreneurs and general public is much more to NBL. Keeping the target in mind NBL has taken preparation to open new branches by the year 2007.

National Bank Limited is one of the front ranking first generation private sector banks in Bangladesh. The bank started its commercial operation in the year 1983 with an authorized capital of TK. 10.00 crore and a paid-up capital of TK. 4.40 crore. In the meantime, authorized capital of the Bank has gone up at Tk. 245.00 crore, paid-up capital at Tk. 120.82 crore and total equity at Tk. 456.84 crore.

At present, NBL has been carrying on business through its 101 branches spread all over the country. Besides, the Bank has drawing arrangements with 400 correspondents in 75 countries of the world as well as with 32 overseas Exchange Companies. NBL was the first domestic bank to establish agency arrangement with the world famous Western Union for facilitating quick and safe remittance of valuable foreign exchanges earned by the expatriate Bangladeshi nationals. The bank has in its use the latest information technology services of

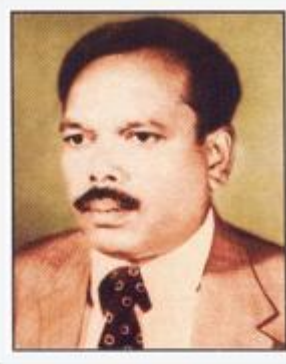
SWIFT and REUTERS. NBL was also the first among domestic banks to introduce domestic and international MasterCard. Subsequently, NBL also introduced Visa Card. In 2006, Power Card has been introduced as a new product of NBL.

2.1. Names and Characteristics of founders

Sponsor Directors



Abu Taher Miah



Mohd. Abul Hossain



A K M Abu Taher



Khalilur Rahman



Md. Abdul Awal



Zainul Haque Sikder



Moazzam Hossain



Habibullah



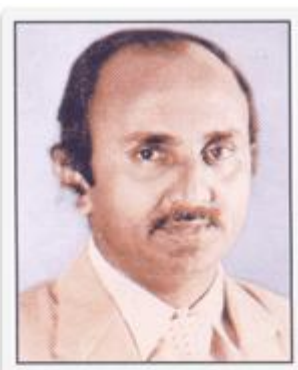
Khan Mohd. Ameer



Mahbubur Rahman



Mohd. Abdul Halim



M. Nurul Islam



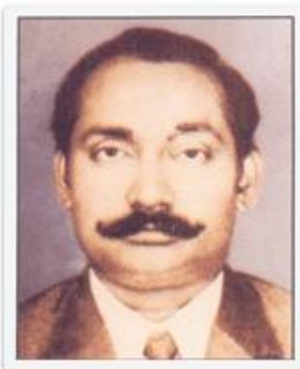
Rustam Ali



M. S. Asghar



Ali Akbar Khan



Abdul Alim



Md. Mizanur Rahman



M. Haider Chowdhury

Board of Directors



Moazzam Hossain
Chairman



Zainul Haque Sikder
Director



Parveen Haque Sikder
Director



Prof. Mahbub Ahmed
Director



Zakaria Taher
Director



A B Tajul Islam
Director



**Lt. Col.(Rtd) Md. Azizul
Ashraf, Psc**
Director



Capt. Abu Sayeed Monir
Director



A K M Enamul Hoque
Director



Mabroor Hossain
Director



Salim Rahman
Director



S M Shameem Iqbal
Director



Md. Abdur Rahman Sarker
Managing Director



**Alhaj Advocate Nur
Mohammad Howlader**
Director

2.2. Company's Mission, Vision, Objectives and Strategies

MISSION

NBL's mission is to expand their activities at home and abroad by adding new dimensions to their banking services are being continued unabated. Consequently, they are also putting highest priority in ensuring transparency, account ability, improved customer service as well as to customer's commitment to serve the society through which NBL wants to get closer and closer to the different kinds of people. Winning an endless place in the hearts of the people as a caring friend in inspiring the national economic standard through continuous growth and diversification of the customer services in demonstration with national and international supplies is the destination NBL wants to reach.

VISION

NBL's respected vision is to ensure highest standard of customer services through best application of latest information technology, by contributing to the national economy and establishing themselves confidently at home and abroad as a front ranking bank of the country.

OBJECTIVES

- Offering quick and improved customer services through application of modern information technology.
- Playing an important role in the national progress by inculcating improved banker-customer relationship.

- ☛ Ensuring highest possible dividend to the respected shareholders by making best use of their equity.
- ☛ Pursuing the policy of nurturing balanced growth of the Bank in all sectors.
- ☛ Consolidating its position in the competitive market by introducing innovative banking products.
- ☛ Ensuring highest professional excellence for its workforce through enhancement of their work efficiency, discipline and technological knowledge.
- ☛ Expanding the Bank's area of investment by taking part in syndicated large loan financing.
- ☛ Increasing finances to Small and Medium Enterprises (SME) sector including agriculture and agro based industries, thus making due contribution to the national economy.
- ☛ Upholding the image of the Bank at home and abroad by pursuing dynamic and time befitting banking activities.
- ☛ Ensuring maintenance of capital adequacy, comfortable liquidity, asset quality, and highest profit through successful implementation of the Management Core Risk program.

STRATEGIES

☛ Customer Focused

As the first private bank of Bangladesh, NBL is providing their consumers a high quality service. They always give first priority to their consumers. So their strategy created after considering the welfare of the consumers. According to the NBL their strategy focused on their consumers demand and they serve their consumers first. Their focus is to provide high quality service to their consumers and they always maintain the credibility and the secrecy of the documents provide by their customers.

✦ Value Added Service

Another important strategy of NBL is to be loyal to their customers. They always try to complete their work with the commitment and dedication. In the NBL they always maintain a friendly environment which helps them to complete their work with excellence through team work. On the other hand they always try to find out the demand for the product in the market and reorganize their products according to the market demand. So we can say they always try to add value to their services according to the demand of their consumers which is helping them to be in the leading position in the banking sector of Bangladesh.

✦ Strategy in Working Environment

They always try to maintain a disciplined but friendly environment in the bank. They are honest and try to maintain the honesty in every level of their work. To maintain the overall quality sincerity is another aspect of them. They are so caring and dedication to their work that an officer does not leave the bank till all the accounts has been closed.

2.3. Organization Structure

A well-educated, skilled and enterprising workforce with wide experience in the banking is a precondition for the continued growth and progress of any bank. NBL's aim is to recruit and retain a competent workforce. In the expectation of continued growth, the bank in 1987 established a training institute for its own staff at Shyamoli. National Bank recruits experienced bankers as well as fresh graduates and trains them through the Training institute. As on 31st December 2008, its human resources strength was 2632. These numbers include 238 executives, 1446 officers and 562 staffs.

Chairman

Board of Directors

Executive Committee

Managing Director

Additional Managing Director

Deputy Managing Director

Senior Executive Vice President
Executive Vice President
Senior Vice President
Vice President
Senior Assistant Vice President
Assistant Vice President
Officer Grade 1
Officer Grade 2
Assistant Officer

| Probationary Officer |

Table: 1. Management hierarchy of NBL

2.4. Description of the Company

National Bank Limited is one of the front ranking first generation private sector banks in Bangladesh. The bank started its commercial operation in the year 1983 with an authorized capital of TK. 10.00 crore and a paid-up capital of TK. 4.40 crore. In the meantime, authorized capital of the Bank has gone up at Tk. 24150 crore, paid-up capital at Tk. 1872.72 crore and total equity at Tk. 5633.29 crore.

At present, NBL has been carrying on business through its 101 branches spread all over the country. Besides, the Bank has drawing arrangements with 405 correspondents' more than 75 countries of the world as well as with 38 overseas Exchange Companies. NBL was the first domestic bank to establish agency arrangement with the world famous Western Union for facilitating quick and safe remittance of valuable foreign exchanges earned by the expatriate Bangladeshi nationals. The bank has in its use the latest information technology services of SWIFT and REUTERS. NBL was also the first among domestic banks to introduce domestic and international MasterCard. Subsequently, NBL also introduced Visa Card. In 2006, Power Card has been introduced as a new product of NBL.

☛ Assets

The total assets stood at Tk. 6516.89 crore in July 2008, which is 15.29% higher than that of 2006. The significant increase in assets was achieved due to rise in loans and advances, investments, money at call and short notice, cash and balances with other bands and financial institution.

☛ Cash

Cash in hand stood at Tk. 15056.82 crore in July 2008 which is 13.14% higher than the previous year. It increased due to expansion of business activities through widening of branch network.

☛ Balances with Bangladesh Bank and its Agents

The balances maintained with Bangladesh Bank and its agents increased by 40.83% at the end of December 2007. Due to the increase in deposit the bank increased balances with Bangladesh Bank and its agents for maintaining proportionate Cash Reserve Requirement.

☛ Balances with other banks/Financial institutions

The balances maintained with other banks and financial institutions increased by 140.05% mainly due to transfer of funds to different banks for covering the payments against inward foreign remittances.

☛ Money at Call and Short notice

The growth of money at call and short notice was 130% in 2007 over the previous year. The fund placement was mainly made in 10 banks and financial institutions.

Investments

The bank's investment grew by 24.36% and stood at Tk. 776.04 crore in 2007 against Tk. 623.98 crore in the previous year. It mostly invested in high yielding long term government securities to cover the increased statutory liquidity ratio requirement arising from the growth of deposit liabilities.

Loans and Advances

NBL has been able to increase its loans and advances despite adverse conditions in the domestic as well as in the global economy. The bank recorded a growth of 11.51% with a total loans and advances portfolio of Tk. 3647.57 crore at the end of December 2007 compared to Tk. 3270.97 crore at the end of December 2006.

The growth was due to parking of established business enterprises, new ventures of Syndication loan, project loan, housing loan, and lease finance, SME, agri loan, etc. and usual growth in foreign trade. Out of the total loans and advances the amount of non-performing loan was Tk. 165.11 crore which was Tk. 31.61 crore less than that of previous year.

Liabilities

Total liabilities were 5195.86 crore as of 31 December 2007, which was 19.38% greater than that of the previous years. This was mainly due to increase in customers' deposits and making provision for income tax, gratuity and loan loss, etc.

Deposits

The deposit base of the bank registered a growth of 18.86% from Tk. 4035.08 crore in 2006 to Tk. 4796.12 crore in December 2007. Expanded branch network, innovative deposit products including NMS and NDS attracted a huge number of customers, which contributed to the growth of deposit. The main customers include individuals, corporations, financial institutions, government & autonomous bodies, etc.

✦ Borrowings form other banks, Financial Institutions and Agents

The bank registered 1.28% growth in borrowings from other banks, financial institutions and agents in 2007. This growth was mainly due to borrowing from Bangladesh Bank under Export Development Fund.

✦ Other Liabilities

Other liabilities increased by Tk. 81.77 crore due to current tax liability and for making provision for loan loss. Provision for income tax was Tk. 79.71 crore in 2007 which was Tk. 55.12 crore in the 2006.

✦ Capital

Authorized capital of the bank was Tk. 245 crore. The paid-up capital of the bank stood at TK. 120.82 crore in 2007 due to declaration of 150% bonus share in 2007. The statutory reserve enhanced by Tk. 40.70 crore in 2007 and stood TK. 121.33 crore. The total equity of shareholders of the bank at the end of the year 2007 stood at Tk. 456.84 crore.

✦ Capital Adequacy Ratio

Capital adequacy ratio is measured by the ratio of a bank's capital to risk weighted assets both on balance sheet and off-balance sheet transactions. The bank's tier 1 and tier 2 capital stood total Tk. 471.15 crore in 2007. Risk weighted assets increased by Tk. 709.07 crore and stood at Tk. 3594.07 crore in 2007 mainly due to increase in loans and advances. Based on the figures of 2007, capital adequacy ratio was equivalent to 13.30% of risk weighted assets against 10.10% of 2006.

2.5 NBL Products and Services

Deposit Products

1. Savings Deposit

National Bank Limited offers customers a hassle free and low charges savings account through the branches all over Bangladesh.

Benefits (Condition Apply)

- Interest rate of 6.00% on average monthly balance.
- Minimum balance Tk.1000.
- Maintenance charge yearly Tk. 400.
- No hidden costs.
- Standing Instruction Arrangement are available for operating account.

Account Opening

- 2 copies of recent photograph of account holder.
- Nominee's Photograph.
- Valid photocopy of Voter ID Card.

2. Current Deposit

National Bank Limited offers customers current deposit facility for day-to-day business transaction without any restriction.

Benefits (Condition Apply)

- Minimum balance Tk.2000.
- Minimum maintenance charge yearly Tk. 800.

- No hidden costs.
- Standing Instruction Arrangement are available for operating account.
- Easy access to our other facilities.

Account Opening

- 2 copies of recent photograph of account holder.
- TIN certificate.
- Nominee's Photograph.
- Valid photocopy of Voter ID Card.

3. Term Deposit

Short Term Deposit

National Bank Limited offers interest on customer's short term savings and gives facility to withdraw money any time.

Benefits (Condition Apply)

- Minimum balance Tk. 2000.
- Minimum maintenance charge yearly Tk. 800.
- Standing Instruction Arrangement are available for operating account.

Account Opening

- 2 copies of recent photograph of account holder.
- Nominee's Photograph.
- Valid photocopy of Voter ID Card.

Fixed Deposit

National Bank Limited offers fixed term savings that will scale up your savings amount with the time.

Benefits (Condition Apply)

- Any amount can be deposited.
- Premature encashment facility is available.
- Overdraft facility available against term receipt.

Account Opening

- 1 copy of recent photograph of account holder.
- Nominee's Photograph.

Foreign Currency Deposit

RFC Deposit

National Bank Limited gives opportunity to maintain foreign currency account through its authorized dealer branches. Bangladesh nationals residing abroad or foreign nationals residing abroad or Bangladesh and foreign firms operating in Bangladesh or abroad or Foreign missions and their expatriate employees.

Benefits (Condition Apply)

- No initial deposit is required to open the account.
- Interest will be offered 1.75% for US Dollar account, 3.00 % for EURO Account and 3.25% for GBP Account.

- ✿ They will get interest on daily product basis on the credit balance (minimum balance of US\$ 1,000/- or GBP 1500/- at least for 30 days) maintaining in the account.

✿ Account Opening

- ✿ 2 copies of recent photograph of account holder.
- ✿ Nominee's Photograph.
- ✿ Passport Copy.
- ✿ ID of residence in abroad.

✿ NFC Deposit

National Bank Limited gives opportunity to maintain foreign currency account through its authorized dealer Branches. All non – resident Bangladeshi nationals and persons of Bangladesh origin including those having dual nationality and ordinarily residing abroad may maintain interest bearing NFCD Account.

✿ Benefits (Condition Apply)

- ✿ NFCD Account can be opened for One month, Three months, Six months and One Year through US Dollar, Pound Starling, Japanese Yen and Euro.
- ✿ The initial minimum amount of \$1000 or 1500 Pound Starling or equivalent other designated currency.
- ✿ Interest is paid on the balance maintain in the Account. This interest is tax free in Bangladesh.

✿ Account Opening

- ✿ 2 copies of recent photograph of account holder.
- ✿ Nominee's Photograph.
- ✿ Passport Copy.

- ✿ ID of residence in abroad.

4. Monthly Saving Scheme

National Bank Limited offers monthly savings scheme for its retail customers.

✿ Benefits (Condition Apply)

- ✿ Monthly amount can be 1500 and multiple of it.
- ✿ Premature encashment is available for urgent need.
- ✿ Loan facility can be available up to 80% against NMS account balance.
- ✿ Standing instruction facility can be available to auto transfer installment to NMS account.

✿ Account Opening

- ✿ 1 copy of your recent photograph.
- ✿ Nominee's Photograph.

Credit Products

1. Overdraft

NBL offers overdraft facility for corporate customers for day-to day business operations.

✿ Benefits (Condition Apply)

- ✿ Low charges in overdraft account maintenance.

- ✿ Facility is available against deposit receipt or mortgage property.
- ✿ Low interest rate 13-16%.

✿ **Account Opening**

- ✿ Introductory current account.
- ✿ Others necessary documents as per loan requirement.

2. Lease Financing

National Bank Limited offers leasing facility for clients with easy installment facility.

✿ **Financing Area**

- ✿ Capital machinery
- ✿ Different equipments
- ✿ Gas, Diesel generator and Power plant
- ✿ Medical equipments
- ✿ Lift or elevator
- ✿ Information Technology equipments
- ✿ Construction equipments
- ✿ Consumer durables

✿ **Benefits (Condition Apply)**

- ✿ Competitive monthly rental
- ✿ Tax benefit
- ✿ Fast processing
- ✿ Easy handover after leasing period

3. Home loan

NBL offers home loan facility for purchasing flats or construction of house.

☛ Benefits (Condition Apply)

- ☀ Financing amount extends up to 70% or Tk. 75, 00,000 which is highest of total construction cost.
- ☀ Grace period available up to 9 months in flat purchase or 12 months in construction.
- ☀ Competitive interest rate.
- ☀ No application or processing fee.

☛ Eligibility

Any Bangladeshi citizen or NRB, who is capable of repayment, can apply for this loan.

4. SME Loan

NBL offers financial support to small businessmen/enterprise with new products named "Festival Small Business Loan" and "NBL Small Business Loan" has been introduced in the Bank.

☛ Benefits (Condition Apply)

- ☀ Maximum Tk.3.00 lac (Festival Scheme) and Maximum Tk.5.00 lac (Small Business Scheme).
- ☀ 3 Months (Festival Scheme) and 5 years (including 1 month grace period (Small Business Scheme))
- ☀ Collateral Free Advance.

☛ Eligibility

Any genuine and small businessmen/ entrepreneurs/enterprise having honesty, sincerity, and integrity.

5. Consumer Loan

NBL offers consumer credit facility for retail customers.

☛ Financing items

- ✿ Electronics consumer products
- ✿ Computer or Computer accessories

☛ Benefits (Condition Apply)

- ✿ Fast processing
- ✿ Competitive interest rate
- ✿ No application or processing fee
- ✿ Easy monthly installment

6. Trade Finance

NBL provides comprehensive banking services to all types of commercial concerns such as in the industrial sector for export-import purpose as working capital, packing credit, trade finance, issuance of Import L/Cs, advising and confirming Export L/Cs. - Bonds and Guarantees.

☛ Benefits (Condition Apply)

- ✿ Low interest rate 13.00%-14.150%.
- ✿ Minimum processing time.
- ✿ Low service charges.

NBL Cards

Credit Cards

NBL Credit Card is accepted in many merchant outlets around the country. Our wide range of merchants include hotels, restaurants, airlines, & travel agents, shopping malls

and departmental stores, hospitals & diagnostic centers, jewelers, electronics & computer shops and many more.

Benefits (Condition Apply)

- 150% Cash withdrawal facility.
- No hidden costs.
- NBL Power Card

NBL Power Card is the first debit card for which you do not have to maintain any account with our any branch.

Benefits (Condition Apply)

- It is a Pre-paid Card.
- Annual / Renewal Free Tk. 200/- only.
- May be issued and refilled from RFCD/FC Account.
- Accepted at all VISA POS merchants.
- Cash withdrawal at all ATM booths bearing VISA and Q-cash logo (Except HSBC in Bangladesh).

- ✿ Drawing of Cash: (i) from NBL ATMs - Free of charges (ii) From ATMs under Q-cash network- Tk.10.00 per transaction (iii) From other ATM - Tk. 100.00 per transaction.
- ✿ Cash Withdrawal Fee (aboard)-2.00% on the cash drawn amount or US\$2.00, whichever is higher.
- ✿ Only 1% loading fee against both International and Local Power Card at the time of Refilling.
- ✿ Yearly Tk.100 for enrollment of SMS service.

✿ Account Opening

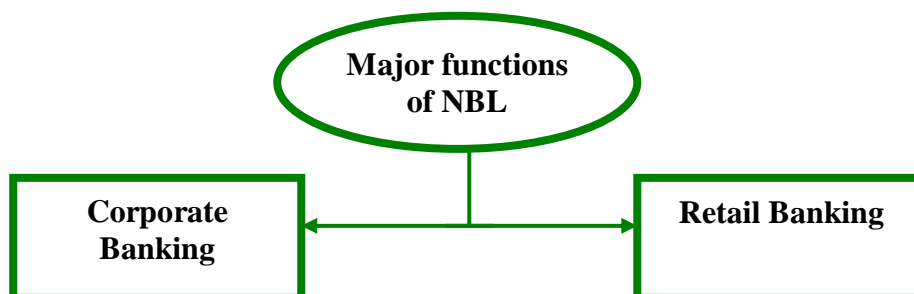
- ✿ 2 copies of your recent photograph.
- ✿ Nominee's Photograph.

Overseas Operation

Western Union

Joining with the world's largest money transfer service "Western Union", NBL has introduced Bangladesh to the faster track of money remittance. Now money transfer between Bangladesh and any other part of the globe is safer and faster than ever before. This simple transfer system, being on line eliminates the complex process and makes it easy and convenient for both the sender and the receiver. Through NBL - Western Union Money Transfer Service, your money will reach its destination within a few minutes.

2.6. Major Functions



The products of corporate banking are discussed in the products and service part of NBL. So in this part only the names of the products are mentioned respectively. But those products are discussed here which wasn't discuss yet.

Corporate Banking

- ✿ Trade Finance
- ✿ Project Finance
- ✿ Offshore Banking
- ✿ Merchant Banking

NBL has been participating in capital market since long to generate more income. Besides investment in secondary market, Bank invested Tk.13.05 crore in primary portfolio during 2007. It helped the capital market remain vibrant. The purchase price of total quoted shares held by the bank on 31.12.2007 was Tk. 99.23 crore, market price of which was Tk. 229.55 crore on that day.

The bank earned Tk. 42.30 crore from share trading and received Tk. 4.21 crore as cash dividend during the year 2007. The bank also earned Tk. 25.07 lac from its market intermediary activities i.e. Banker to the issue, Underwriter, etc. NBL purchased a membership of the Dhaka Stock Exchange Limited (member No. 203) and got registration as NBL Capital Services and became a corporate member of DSE.

Retail Banking

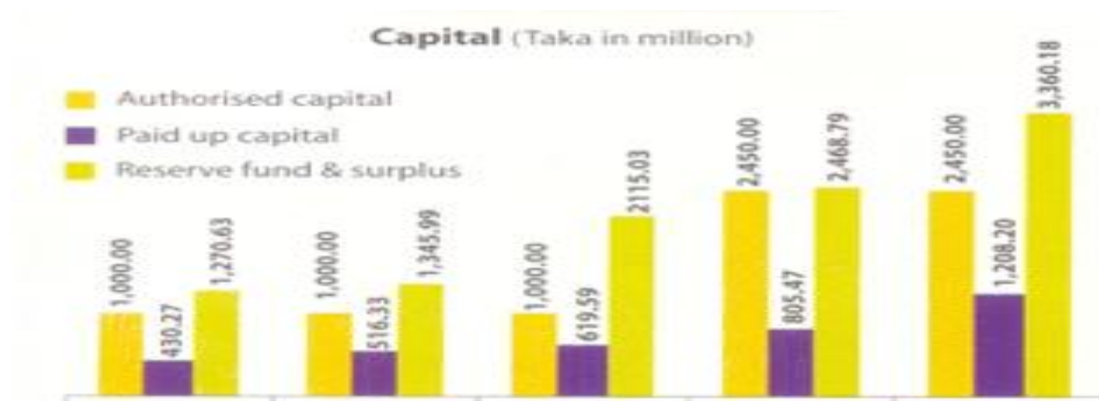
- ✿ SME
- ✿ Deposit
- ✿ Credit Products
- ✿ NRB Banking
- ✿ Micro Credit

Different Departments of National Bank Bangladesh Ltd.

- ✿ Accounts opening
- ✿ Deposit
- ✿ Local remittance
- ✿ Foreign remittance
- ✿ Clearance
- ✿ Credit
- ✿ Advance
- ✿ Accounts
- ✿ Cash
- ✿ Export Import Sector

Chapter 3: Description of the Business

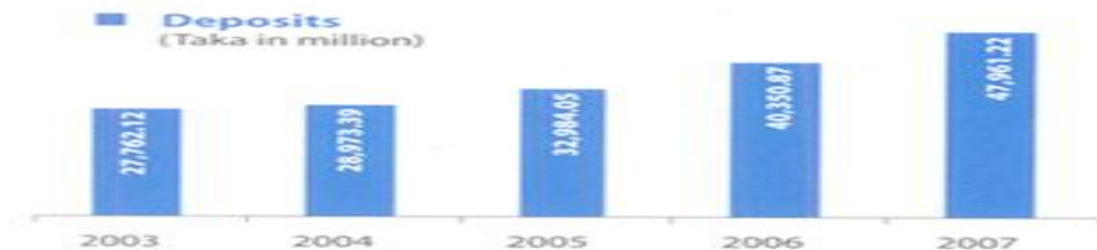
3.1 Financial Performance



Authorized capital of the bank was Tk. 245.00 crore. The paid-up capital of the bank stood at Tk. 120.82 crore in 2007 due to declaration fifty percent bonus share 2006. The statutory reserve enhanced by Tk 40.70 crore in 2007 and stood Tk. 121.33 crore. The total equity of shareholders of the bank at the end of the year 2007 stood at Tk. 456.84 crore.



Capital adequacy ratio is measured by the ratio of a bank's capital to risk weighted asset both on balance sheet and off balance sheet transactions. The bank's tier-1 and tier-2 capital stood total Tk. 471.15 crore in 2007. Risk weighted assets increased by tk. 709.07 crore and stood Tk. 3,594.07 crore in 2007 mainly due to increases. Based on the figure of 2007, capital adequacy ratio was equivalent to 13.11 percent of risk weighted assets against 10.10 percent of 2006.

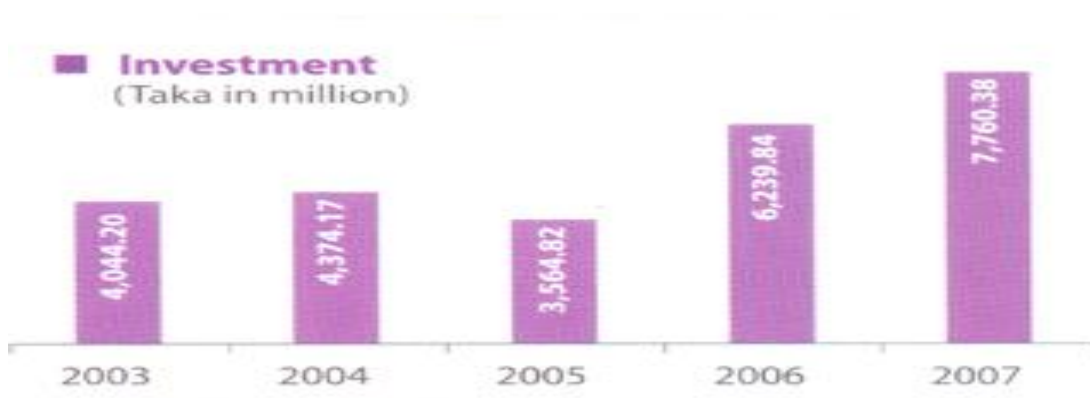


The deposit base of the bank registered a growth of 18.86 percent from Tk. 4035.08 crore in 2006 to Tk. 4,796.12 crore in December 2007. Expanded branch network, innovative deposit products including NMS and NDS attracted a huge number of customers, which contributed to the growth of deposit. The main customers include individuals, corporations, financial institutions, government & autonomous bodies, etc.



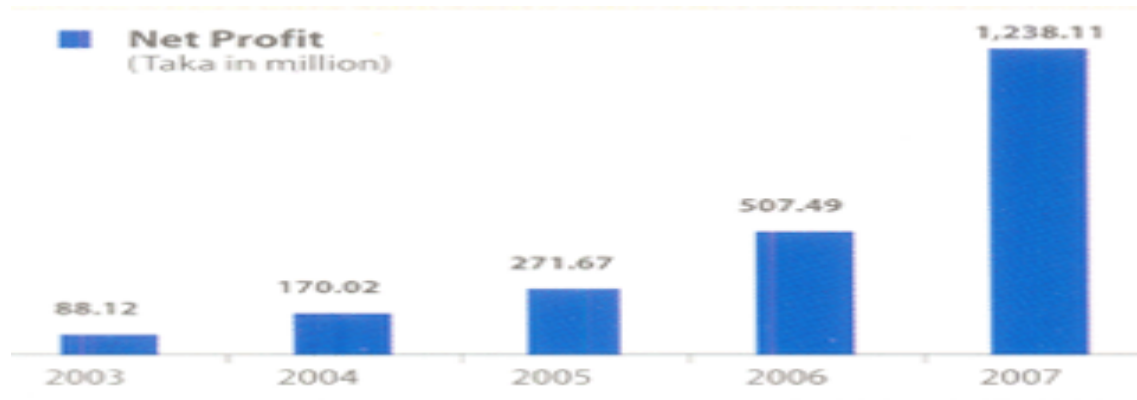
Import trade finance by NBL rose to USD 907.08 million (Tk.6, 275.91 crore) in reporting year compared with USD 606.26 million (Tk.4, 245.85 crore) in 2006. The growth in USD increased by 49.62 percent and in Taka by 47.81 percent. Large LSc.were opened mainly for importing old ships, rice, wheat, edible oil, fertilizer, capital machinery, fabrics & accessories, petroleum products and other consumer products.

NBL successfully handled export documents USD 465.78 million (Tk. 3,182.37 crore) during the reporting year compared to USD 405.33 million (Tk. 2,801.92 crore) in the year 2006. The growth rate in US dollar is 14.91 percent and in Tk. 13.58 percent. Readymade garments, knitwear, frozen food, fish, tanned leather, handicraft, tea etc. were the major export finance sectors.

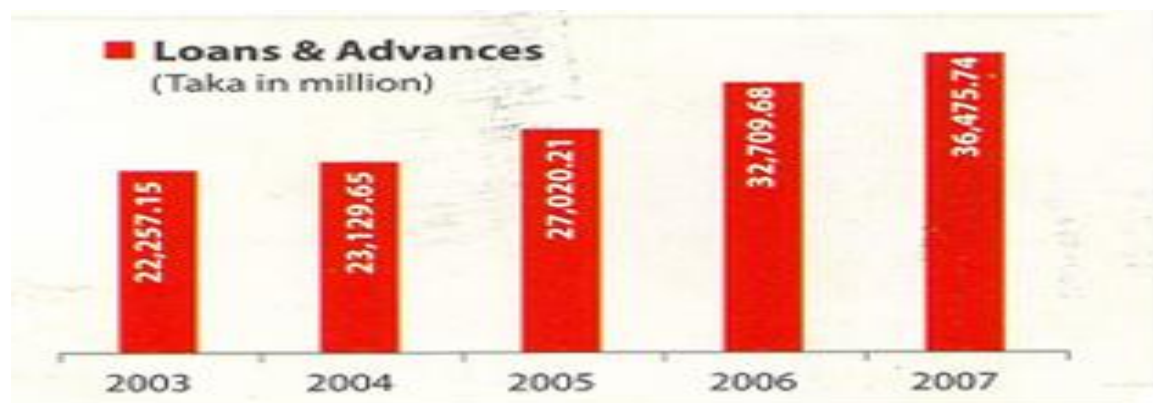


The bank's investment grew by 24.36 percent and stood at Tk. 776.04 crore in 2007 against Tk 623.98 crore in the previous year. It mostly invested in high yielding long-term

government securities to cover the increased statutory liquidity (SLR) requirement arising from the growth of deposit liabilities.



National Bank Limited generated an operating profit of Tk. 221.51 crore in 2007 which was Tk. 114.68 crore in 2006, registering a growth of 93.17 percent. Net Profit after tax increased by 143.96 percent to Tk. 123.81 crore in 2007 after making provision for loans losses and income tax.



NBL has been able to increase its loans and advance despite adverse conditions in the domestic as well as in the global economy. The bank recorded a growth of 11.51 percent with a total loans and advances portfolio of Tk. 3,647.57 crore at the end of December 2007 compared to Tk. 3,270.97 crore at the end of December 2006. The growth was due to parking of established business enterprises, new venture of Syndication loan, Project loan, Housing loan, Lease finance, SME, Agri loan etc.

3.2. Description of various functional departments

☛ Planning & Decision Making Process

Planning and decision making process control on the hierarchy of the management body. Each branch practice internal decision process decided by the ID of Head Office. Branch Manager, Officer 1& 2 holds the planning and decision process of an individual branch.

☛ Organizing Techniques

Teamwork is the main focus of the organization, which is the bone technique of the bank. Each cycle is organized in a systemically way so it can be done any difficult job in a simple way.

☛ Staffing Pattern & Practice

A well-educated, skilled and enterprising workforce with wide experience in the banking is a precondition for the continued growth and progress of any bank. NBL's aim is to recruit and retain a competent workforce. In the expectation of continued growth, the bank in 1987 established a training institute for its own staff at Shyamoli. National Bank recruits experienced bankers as well as fresh graduates and trains them through the Training institute. As on 31st December 2008, its human resources strength was 2632. These numbers include 238 executives, 1446 officers and 562 staffs.

☛ Leading Process

NBL leading process depends on chain of commend. It is the leading bank celebrating the jubilee in 2008. It is growing fast and also extends 5 more branches within this year.

Motivation Process

In reorganization to their contribution, the board has formulated a number of policies for the welfare of the employees. The board has introduced superannuating fund, gratuity, medical scheme, EHBL, car loan scheme, other benefits for executives/officers/stuff of the bank. The pay scale was also revised in 2006.

Career Planning & Development Scope

A well-educated, skilled and enterprising workforce with wide experience in the banking is a precondition for the continued growth and progress of any bank. NBL's aim is to recruit and retain a competent workforce. In the expectation of continued growth, the bank in 1987 established a training institute for its own staff at Shyamoli. National Bank recruits experienced bankers as well as fresh graduates and trains them through the Training institute. As on 31st December 2008, its human resources strength was 2632. These numbers include 238 executives, 1446 officers and 562 staffs.

Pay Structure & Benefits

Employees are the blood of the any organization. An institution cannot run properly without an efficient and effective management team. NBL management team has provided its efficiency by execution decisions and running the bank for the last 25 years. In reorganization to their contribution, the board has formulated a number of policies for the welfare of the employees. The board has introduced superannuating fund, gratuity, medical scheme, EHBL, car loan scheme, other benefits for executives/officers/stuff of the bank. The pay scale was also revised in 2006. In 2008, the board decided on AGM that 25% of increment on the pay structure of the banks employee overall which provide the major motivation to the employees.

Welfare & Facilities

In reorganization to employee's contribution, the board has formulated a number of policies for the welfare of the employees. The board has introduced superannuating fund, gratuity, medical scheme, EHBL, car loan scheme, other benefits for executives/officers/stuff of the bank. The pay scale was also revised in 2006.

☛ Disciplinary Action

Disciplinary action is taken within the custody of senior officer if any of employee/JO/PO/stuff make any occurrences or misbehaves he/she have to serve show cause of mislead, otherwise he/she would be fired from the job.

☛ CB Process

CB process /labour relation /employee relation is well good practice within the organization. Each level is maintained with full respected addressing senior's hierarchy.

☛ Controlling Methods

The has taken various steps for ensuring internal control and compliance as per directives and guidelines of Bangladesh Bank for maintaining core risks in banking with a view to conducting banking business effectively and efficiently. The internal control and compliance is supervised by the managing director and required steps for rectification and corrective measures are being taken immediately. The bank is now following the risk-based inspection as per directives of the central bank.

Regular and routine inspection on 91 branches, surplus inspection on 7 branches and investigation on 12 cases were carried out in 2007. Apart from this Bangladesh Bank also conducted 41 inspections of bank's branches and different division at Head Office of the bank. The key points of the inspection report are always placed before the Audit Committee of the Board of Director of the bank and actions are taken in accordance with its decision. The management committee monitors the effectiveness of the internal control function periodically and provides certificate on overall adequacy and effectiveness of the internal control system to the board based on the banks policy, practice and procedure.

Environment, Politics & Practices

Quality of working life is easy, fast, durable, safe, furnished, updated. Environment of the workplace is fully AC, easy computerised equipment, on lining each branch, mobile network facilities etc. Politics & practice are unseen in working environment. Hygiene is maintained over there.

3.3. Industry Analysis

Banking sector is one of the strongest economic sectors in our country. Banks provide necessary funds for executing various programs underway in the process of economic development. They collect savings of large masses of people scattered throughout the country, which in the absence of banks would have remained idle and unproductive.

These scattered amounts are collected, pooled together and made available to commerce and industry for meeting the requirements. Economy of Bangladesh is in the group of world's most undeveloped economies.

One of the reasons may be its undeveloped banking system. Government as well as different international organizations have also identified that undeveloped banking system causes some obstacles to the process of economic development. So, one county must be efficient in banking if it wants to be developed.

Role of NBL in the Economic Development of Bangladesh

The PRSP (Poverty Reduction Strategy Paper) projected (Agriculture, Industry & Services) the GDP growth at 7.0% of FY 06 and maintain at or above 7.0% growth through FY 10 aided by improved microeconomic stability, overall agriculture sector growth, study growth in the manufacturing sector, competitive business environment and sustained improvement in the investment climate and ongoing implementation of economic reform programs. The domestic investment was projected to increase gradually from 26.2% of GDP in FY 08 to 27.4% in FY 09 and 28.1% in FY 10 through mobilization of internal and foreign resources.

Inflation is projected to decline from 6.5% in FY 08 to 5.0% in FY 10 by maintaining a contraction ally monetary policy.

3.3.1. SWOT Analysis

STRENGTHS

- NBL is the first commercial private bank in Bangladesh. It has been maintaining and serving its clients with goodwill over the years.
- A vast number of branches spread all over the country.
- Maintaining a strong network with different exchanges in different countries.
- Membership with Western Union.
- SWIFT service for faster transactions & communications.
- Customer satisfaction is a great concern.
- Foreign exchange division is well accommodated.
- Good provisions for training of the workforce.

WEAKNESSES

- For not implementing online banking fully.
- Marketing & promotional activities is not well set up.
- High skilled workforce is required.
- KYC (Know Your Customer) process not implemented properly.
- Improvement in employee training program is necessary
- Salary structure is a matter of concern.

OPPORTUNITIES

- Organizing seminar, workshop marketing on regular basis, can increase promotional activities.
- Can set up more correspondent relationship & branch network in potential areas.
- On line, E. Banking, ATM, Credit Card can be introduced fully on urgent basis.

- ✿ Foreign Exchange Business can be increased to a great extent.
- ✿ Strategies/policies to be adapted to matching the changing needs.
- ✿ Financing the most prospective garments sector in Bangladesh.
- ✿ Financing sick industries which have bright prospects.

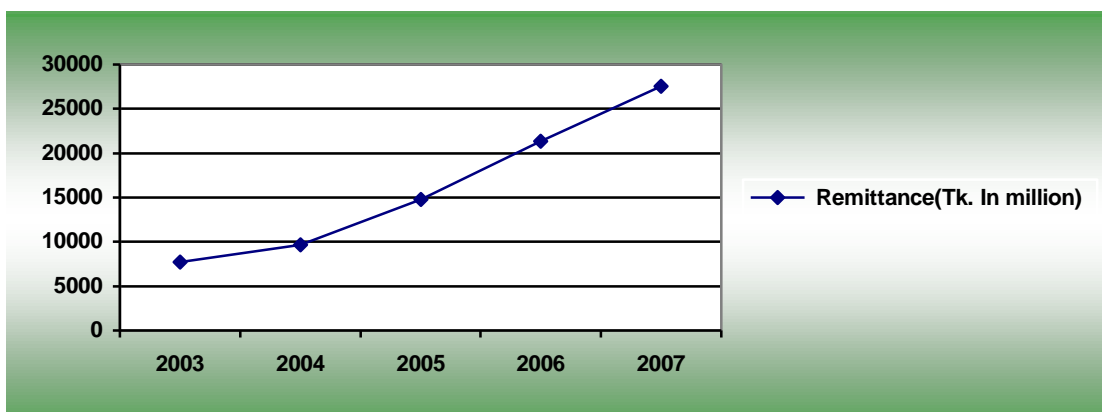
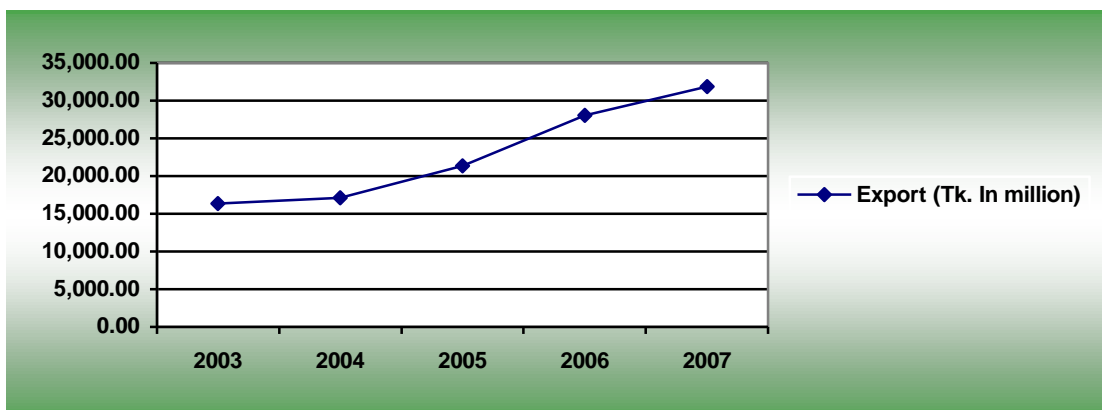
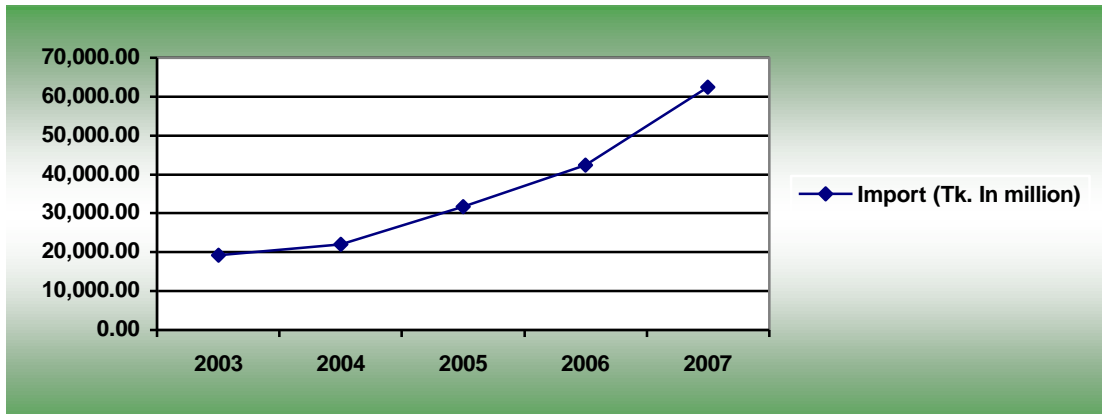
THREATS

- ✿ Unstable political situation.
- ✿ Unhealthy and illegal competition among private sector commercial banks.
- ✿ Global Economy.
- ✿ Other bank use new technology which make a difference.
- ✿ Natural disaster.

3.3.2. Trend Analysis

From the trend analysis of the yearly export, import and remittance of National Bank Limited (2003-2007), we find that there is an increasing trend in the figures. Some of the main reasons are given below:

- ✿ Increase in the Dollar value.
- ✿ Increase in the Oil price in international market.
- ✿ Increase in the number of industries and so it increasing the demand for importing raw materials from abroad and inside the country.
- ✿ Increase in the Public demand for consumption.
- ✿ Increase in public earnings.
- ✿ Increase in the number of Bangladeshis working abroad.
- ✿ Increase in the number of Bangladeshi students studying in different parts of the world.
- ✿ Increase in the production of different export industries in Bangladesh.



3.4. FINDINGS

In doing my internship on the bank saw some shortcomings, which may create problem. These are:

- ✿ In foreign exchange department it is required to communicate with foreign banks and other international organization. To make the process easily, modern communication system such as e-mail, fax etc. is used. Bank has these equipment but not satisfactory enough.
- ✿ Modern technology is not used to maintain documentation in this bank, yet they are using register-based document.
- ✿ Lack of manpower in Foreign Exchange Department. In export division of Elephant branch, there is lacking of manpower. Number of employee of that section is not sufficient for prompt service.
- ✿ Time consuming nature to find out old documents easily for using register based document.
- ✿ In order to provide faster service, full-scale online system should be implemented.
- ✿ Number of ATM booths is not sufficient.
- ✿ Lack of available branches in remote areas of business and services.
- ✿ Lack of promotional initiatives to expand the Foreign Exchange business
- ✿ Marketing & promotional activities is not well set up.
- ✿ There are few packages to attract its customer.
- ✿ Internet service is not satisfactory. Sometimes it creates problem to work as the speed slows down.
- ✿ All the employees are not well trained to handling technology such as computer, Internet etc.

Chapter 4: Banking Sector of Bangladesh

4.1. Trends in the Bangladesh Economy

Against the above mentioned unfavourable outlook on the external front, the Bangladesh economy in FY02 (July 2001-June 2002) faced the challenge of sustaining growth while addressing internal imbalances of high budget deficit and accommodative monetary stance that eroded foreign exchange reserves to uncomfortably low levels. To restore fiscal discipline the government downsized the budget, pruning avoidable expenditure including low priority projects of Annual Development Programme (ADP);

intensified revenue raising efforts; increased the administered utility and fuel prices; reduced the high interest rates on National Savings Scheme deposits; and reviewed some contracts under supplier's credits. To stem depletion of foreign exchange reserves the Bangladesh Bank (BB) tightened its monetary policy stance and also temporarily imposed mandatory margin requirements on many imports for domestic consumption. Special attention was paid towards facilitating inward remittances by Bangladeshi workers abroad. Most of the margin requirements on imports were phased out subsequently as reserve levels improved.

▣ Alongside the tightening of fiscal and monetary stance towards stabilisation, measures supporting productive pursuits were adopted with a view to sustaining output growth. The bank rate was lowered from 7 to 6 percent towards easing the high real borrowing costs of investors in a low inflation environment. Exports of frozen food, apparels and agro-based products facing weak demand abroad were supported with reduction of interest rate from 8-10 percent to 7 percent. To ensure that these exports do not suffer from financing difficulties refinance from the BB at bank rate was declared available against fresh export loans in these sectors for 6 months beginning October 2001. These measures enabled a higher 13.95 percent credit growth for private sector against 10.51 percent for public sector, despite a decrease in broad money growth to 13.13 percent in FY02 from 16.60 percent of FY01.

With price decline in markets abroad exports declined in value by 7.42 percent in FY02 although the volume index of exports shipped was higher by 7.4 percent. Imports declined by 8.57 percent, attributable mainly to lower input imports for export processing and to the demand containing impact of the tighter fiscal and monetary stance. A narrowed trade gap from steeper decline in imports and a strong 33 percent rise in workers' remittances turned the depleting reserves around to a growth path.

By the end of FY02, a fair measure of both stabilization and growth were attained. Fiscal deficit narrowed to 4.4 percent of Gross Domestic Product (GDP) from 5.5 percent of FY01, foreign exchange reserves rose by 21.13 percent, and real GDP grew by 4.8 percent; with 2.35 Percent rise in inflation (annual average CPI increase) against 1.57 percent rise of FY01.

🌿 Sector growth performance

According to the Bangladesh Bureau of Statistics (BBS) estimates, real GDP growth slowed down from 5.3 percent of FY01 to 4.8 percent in FY02, the same level as the average for FY91-00 (Table 1.2). In the agriculture sector, contributing about a quarter of the GDP, growth slowed down from 3.1 percent in FY01 to 2.8 percent in FY02 (Tables 1.2 and 1.3). Animal farming and forestry sub sectors fared well with gains in growth rates, but the crops and horticulture sub sector had lower growth. Food crop output

suffered a decline of 0.62 million tons to 26.14 million tons in FY02, due to uncongenial weather conditions for the rice crop.

Table 1.2: Sector GDP growth rates (at FY96 constant prices)

	FY 91-FY00 (Average)	FY 01	FY 02 (Provisional)
I. Agriculture	3.2	3.1	2.8
a) Agriculture and Forestry	2.1	5.5	3.0
i) Crops and Horticulture	1.8	6.2	2.8
ii) Animal Farming	2.5	2.8	2.9
iii). Forestry and Related Services	3.6	4.8	4.9
b) Fishing	8.2	-	4.5
2. Industry	7.0	7.4	6.2
a) Mining and Quarrying	6.0	9.7	7.2
b) Manufacturing	6.9	6.7	5.0
i) Large and Medium scale	7.0	6.5	4.0
ii) Small scale	6.8	7.0	7.5
c) Power, Gas and Water Supply	5.5	7.4	7.7
d) Construction	7.5	8.6	7.9
3. Services	4.5	5.5	5.1
a) Wholesale and Retail Trade	5.7	6.4	5.6
b) Hotel and Restaurants	5.5	7.0	6.5
c) Transport, Storage and Communication	4.6	7.9	6.0
d) Financial Intermediation	4.8	5.5	5.2
e) Real Estate, Renting and Other Business Activities	3.5	3.4	3.4
f) Public Adm. and Defence	6.8	5.9	7.0
g) Education	6.1	7.1	7.5

h) Health and Social Work	4.0	4.9	5.0
i) Community, Social and Personal Services	2.8	3.1	3.2
GDP (at FY96 constant factor cost)	4.7	5.4	4.8
Import duty	9.2	1.8	5.3
GDP (at FY96 constant market prices)	4.8	5.3	4.8

Table-1.3: Sector shares in GDP

(At FY96 constant factor cost) (%)

	FY 92	FY 01	FY 02*
I. Agriculture	28.7	25.0	24.6
a) Agriculture and Forestry	24.0	19.5	19.2
i) Crops and Horticulture	18.3	14.7	14.4
ii) Animal Farming	3.6	2.9	2.9
iii). Forest and Related Services	2.0	1.9	1.9
b) Fishing	4.7	5.5	5.4
2. Industry	21.6	26.2	26.5
a) Mining and Quarrying	0.9	1.1	1.1
b) Manufacturing	13.3	15.6	15.6
i) Large and Medium scale	9.4	11.1	11.0
ii) Small scale	3.9	4.5	4.6
c) Power, Gas and Water Supply	1.4	1.5	1.5
d) Construction	5.9	8.1	8.3
3. Services	49.7	48.8	48.9
a) Wholesale and Retail Trade	12.5	13.5	13.6
b) Hotel and Restaurant	0.6	0.6	0.7
c) Transport, Storage and Communication	9.1	9.4	9.5
d) Financial Intermediation	1.6	1.6	1.6
e) Real estate, Renting and Other Business Activities	9.8	8.7	8.6
f) Public Adm. and Defence	2.3	2.6	2.6
g) Education	2.0	2.2	2.3
h) Health and Social Work	2.3	2.2	2.2
i) Community, Social and Personal Services	9.6	8.0	7.8
GDP (at FY 96 constant factor cost)	100.0	100.0	100.0

In the industry sector, the sub sectors power, gas, water supply and small industries had some gains in growth rates, but large and medium scale manufacturing and other sub sectors experienced lower growth, the weakness mainly arising from weakness in exports. FY02 third quarter manufacturing production index data reveal some gain in momentum of manufacturing output growth, reflecting improving external market outlook.

The decline in exports and imports in FY02 also resulted in concomitant weakness in the linked sub sectors of the services sector, viz., transport, storage, communications, hotels and restaurants, trade, and financial intermediation. The overall growth in the services sector declined to 5.1 percent in FY02 from 5.5 percent of FY01.

In terms of share in GDP, agriculture marginally lost ground to industry and services in FY 02, consistent with the longer term trend (Table 1.3, charts 1.1 and 1.2).

Chart-1.1

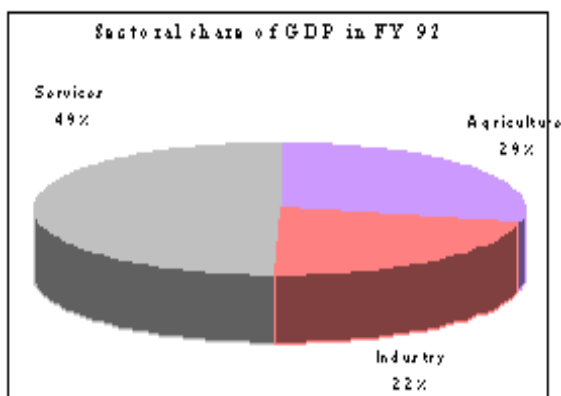
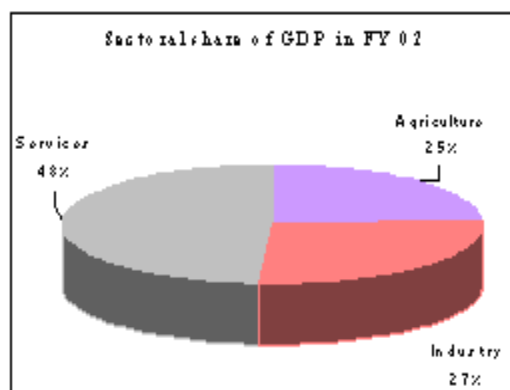


Chart-1.2



Savings and Investment

The slowly increasing trend of gross domestic savings as percentage of GDP lost steam in FY02, remaining at the same 18.0 percent level as in FY01 (Chart 1.3). Gross investment as percentage of GDP maintained its trend of slow increase however, rising to 23.16 in FY02 from 23.09 of FY 01 (Chart 1.4).

The public sector component of gross domestic savings was a lower 0.97 percent of GDP in FY02 than the 0.99 percent of FY01; the private sector component was correspondingly higher at 17.03 percent in FY02 against the 17.01 percent of FY01.

The public sector component of domestic investment was lower at 7.09 percent of GDP in FY02 against 7.25 percent of FY01, while the private sector component was higher at 16.06 percent in FY02 against 15.84 percent of FY01. The domestic savings-investment gap financed by foreign savings widened to 5.16 percent of GDP in FY02

Chart 1.3

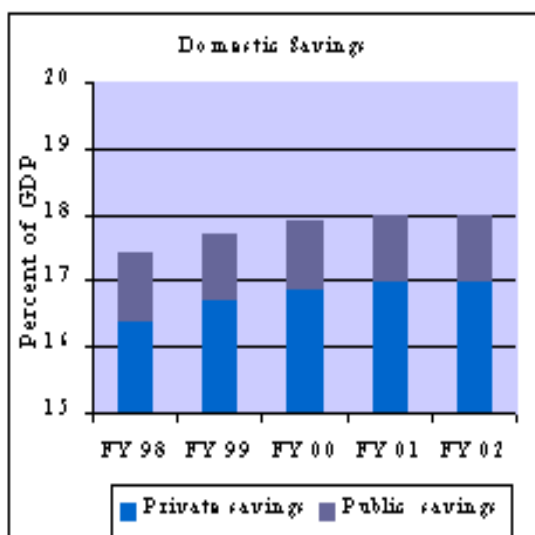
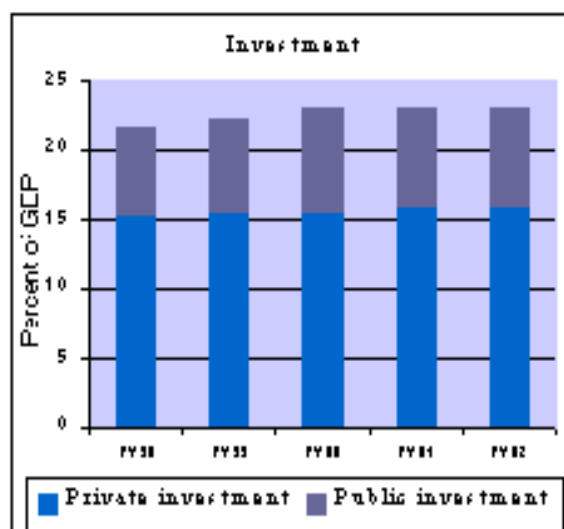


Chart 1.4



Public finance

Fiscal policies in FY02 were geared towards shoring up fiscal discipline, intensifying efforts for revenue raising and cost cutting without impairing essential public services and growth oriented/ poverty alleviation oriented development programmes. Revenue raising initiatives included increase in administered prices of gas, power and petroleum; rationalisation of income tax rates; tightening of the tax-net with mandatory income tax return submission for companies; mandatory mention of Taxpayer Identification Number (TIN) for registration of ownership or transfer of cars, buildings/apartments; strengthened surveys for identifying new taxpayers; and 10 to 25 percent regulatory duty on some

imports. Cost-cutting measures included cancellation of the Non Aligned Movement (NAM) summit at Dhaka; reduction of interest rates on National Savings Certificates; temporary postponement of public sector recruitment; and downsizing the Taka 190 billion ADP to Taka 160 billion, pruning low priority projects including some contracts under supplier's credits.

As a result of these initiatives, revenue receipts as percentage of GDP improved from 9.3 of FY01 to 9.8 in FY02; the revenue surplus at 1.9 percent of GDP in FY02 was higher than the 1.2 percent surplus of FY01; and the overall budget deficit narrowed to 4.4 percent of GDP in FY02 from 5.5 percent of FY01 (Chart 1.5). Domestic financing of the deficit declined from 2.8 percent of GDP in FY01 to 2.0 percent in FY02, with 0.6 percent from banks and 1.4 percent from non-bank sources. Foreign financing covered the remainder of the budget deficit, higher both in absolute terms and as percentage of GDP than in FY01 (Chart 1.6).

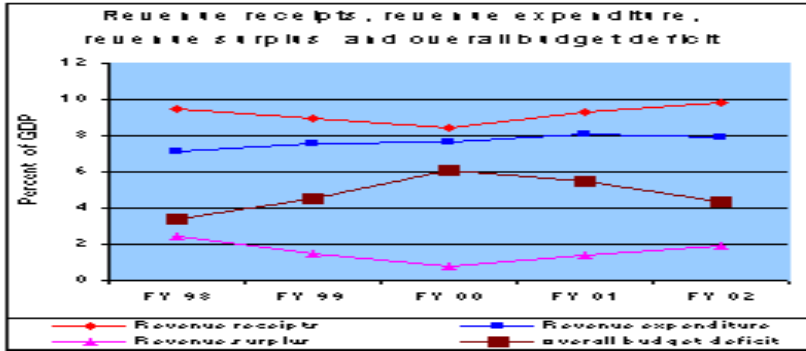


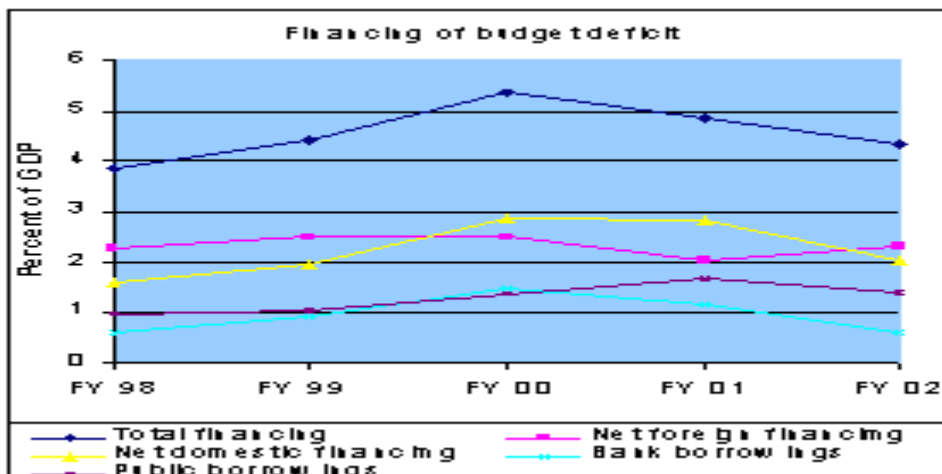
Chart 1.5

The total stock of domestic public debt increased to 16.6 percent of GDP in FY02 from 15.0 percent of end June 2001.

Money and credit developments

In a departure from the accommodative monetary stance that was expanding domestic credit at the cost of depletion of net foreign assets, the cautious monetary policy of FY02 pursued containment of domestic credit growth to help rebuild net foreign assets. Against actual 16.6 percent expansion of FY01, broad money (M2) growth of 10.0 percent was targeted for FY02.

Chart 1.6



Net foreign assets were targeted to grow by 12.5 percent in FY02, against actual depletion of 12.7 percent in FY01; containment of domestic credit growth at 10.40 percent was targeted in FY02, against actual 17.65 percent expansion of FY01.

The actual 10.51 percent growth of public sector credit in FY02 was close to the targeted (10.00 percent) level, much lower than the 19.54 percent growth of FY01. Private sector credit growth at 13.95 percent was higher than the programmed 10.60 percent, but lower than the 16.87 percent of FY01.

Borrowing restraint in the public sector, and a sharp rise in workers' remittances from abroad permitted a high 28.17 percent increase in net foreign assets by the end of FY02. This high growth of net foreign assets also accounts for broad money growth in FY02 (13.13 percent) exceeding the targeted 10.00 percent level (Charts 1.7, 1.8).

In the overall 13.13 percent broad money growth of FY02, growth of the time deposit component was higher (14.85 percent) while those of the currency and demand deposit components were lower (9.17 percent and 7.00 percent respectively), consistent with declining income velocity of money. Because of an upward turnaround of inflation, the decline in income velocity of money (5.5 percent) was slower in FY02 than in FY01 (8.2 percent).

Interest costs on bank credit declined slightly in FY02, from 13.75 percent as of end June 01 to 13.16 percent as of end June 02, on a weighted average basis. This decline was supported by a decrease in weighted average interest on bank deposits over the period from 7.03 percent to 6.74 percent, and also by a decline in the percentage of non performing loans in bank portfolios, from 33.70 percent to 31.37 percent (of total loans including interest suspense).

Price situation

The declining trend of inflation as measured by Consumer Price Index (CPI) prevailing since FY99 bottomed out by the first half of FY02, and slowly crept upward thereafter (Chart 1.9). Annual average CPI based inflation (base FY86=100) as of end June 2002 was 2.35 Percent, against 1.57 percent as of end June 2001.

The rise of food prices component of CPI based inflation was slower (from 0.95 percent as of end June 2001 to 1.24 percent as of end June 2002) as compared to the non-food

component which increased at a higher rate from 2.79 percent as of end June 2001 to 4.52 percent as of end June 2002 (Chart 1.9).

Chart 1.7

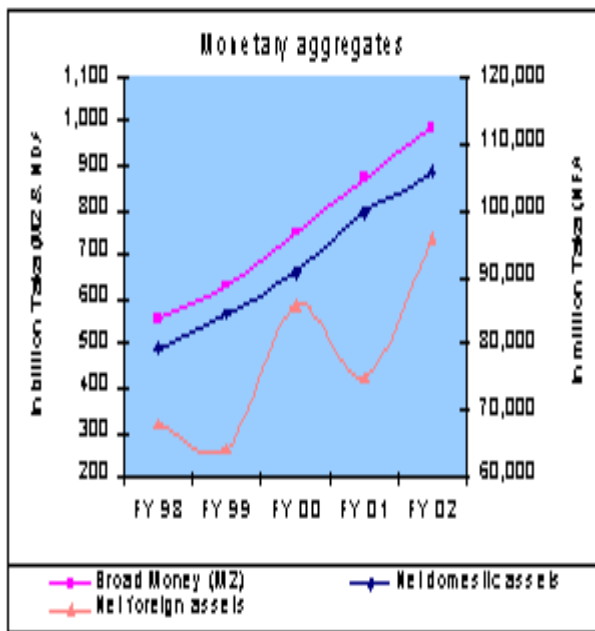


Chart 1.8

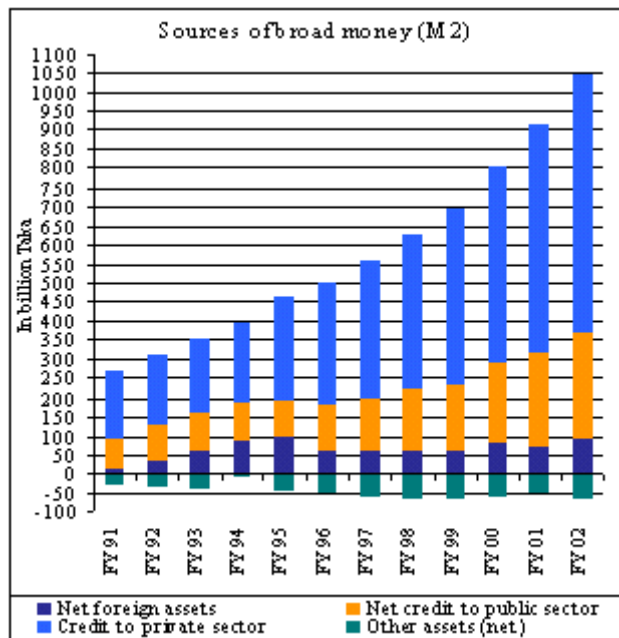
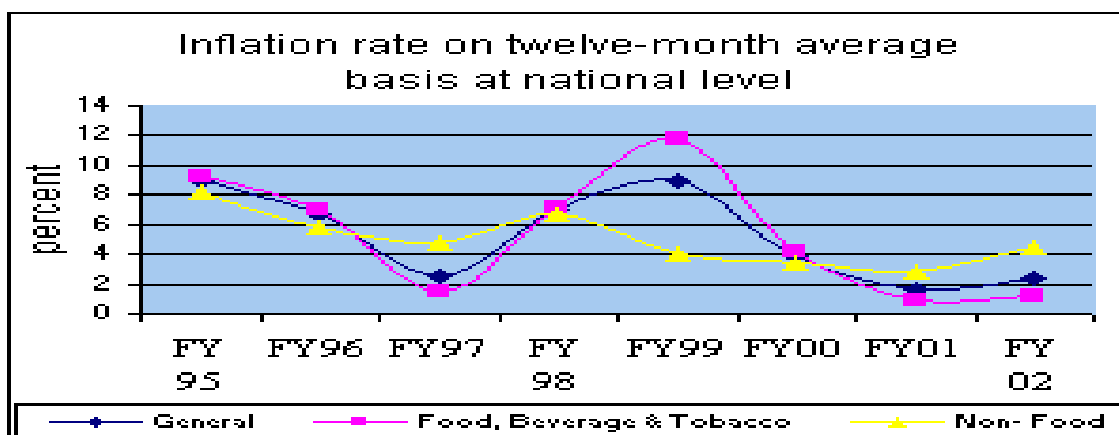


Chart 1.9



Lower import levels, increases in the administered prices of utilities and petroleum, and the decline in food crops output were the main factors contributing to the upward pressure on prices.

External sector

Both imports and exports of Bangladesh suffered decline in FY02 because of the global slowdown. Exports declined by 7.42 percent from USD 6.47 billion (or 13.78 percent of GDP) of FY01 to USD 5.99 billion (or 12.67 percent of GDP) in FY02. Imports declined by 8.57 percent from USD 9.34 billion (or 19.88 percent of GDP) of FY01 to USD 8.54 billion (or 18.07 percent of GDP) in FY02. The trade balance improved due to higher decline in imports; and the current account balance swung from USD 1.02 billion deficit in FY 01 to USD 0.24 billion surplus in FY 02, supported by a strong 32.89 percent growth in workers' remittances from abroad.

Export growth was recovering well from the 2.94 percent post-flood low increase of FY99 to 8.27 percent and 12.43 percent in FY00 and FY01 respectively, but swung to negative growth from May, 01, recovered briefly in December 01 and January 02 but dipped again thereafter (Chart 1.10). The fourth quarter FY02 upturn may however be indicative of a more sustained recovery in the coming months.

Apparels (comprising three-fourth of total exports of Bangladesh) exports in FY02 were actually 13.7 percent higher in volume than in FY01, but 5.7 percent lower in value because of price fall and weak demand in major markets abroad (Table xiii of Appendix). Frozen food (about five percent of total exports) suffered a steeper price decline; FY02 exports were 15.20 percent higher in volume but 23.98 percent lower in value. Jute goods and agricultural produces (vegetables, fruits, tobacco) were the only export categories enjoying growth both in volume and value, but their shares in total export are small (about four percent for Jute goods and less than one-half percent for agricultural produce).

Chart 1.10



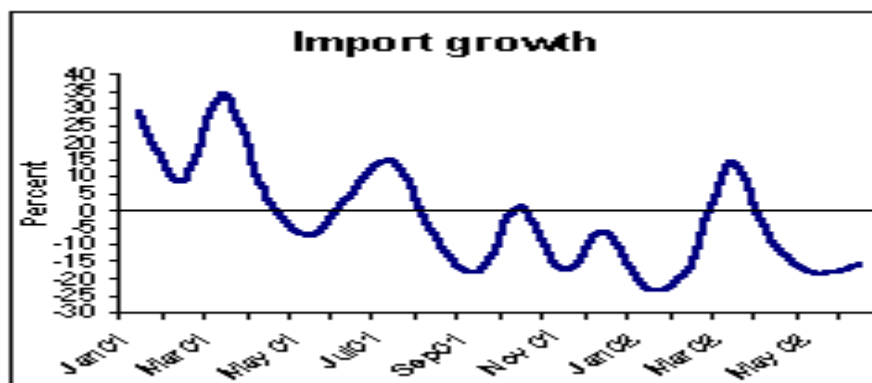
Export competitiveness of the exchange rate of Bangladesh Taka, on a trade weighted Real Effective Exchange Rate (REER, baseFY95=100) basis, was roughly the same at the beginning and at the end of FY02 (102.05 as of June 01, increasing upto 105.06 by December 01, receding to 101.36 by June 02). Some additional support/ subsidy was available for exports of apparels made with local fabrics, and of jute goods.

The strong 32.89 percent increase in workers` remittances, from US \$1882.10 million of FY 01 to US \$21501.13 million in FY 02, swung the current account balance around from a deficit to a surplus. This growth was underpinned by resolute efforts towards facilitating remittances with new exchange houses and new drawing arrangements abroad, and speeding up deliveries to beneficiaries. Anti hundi and anti money laundering steps also appear to have aided in this high growth of remittances through legitimate channels.

The import decline of FY02 is attributable largely to the lower input import requirements for the weaker export-manufacturing activities, but partly also to the demand containment impact of the regulatory duties, mandatory margins and the generally tightened fiscal and monetary policy. While import of industrial inputs and consumer goods were lower in FY02 because of the reasons noted above; import of industrial machinery increased

significantly, indicating a positive investment outlook. The overall uptrend in import LC opening in the fourth quarter of FY02 (Chart 1.11) is also indicative of a turnaround towards recovery.

Chart 1.11



The outstanding stock of the country's external debt rose to USD 16.65 billion or 35.23 percent of GDP as of end June 02 from USD 16.24 billion or 34.60 percent of GDP as of end June 01. Debt service payments as percentage of exports rose to 9.33 percent in FY02 from 8.80 percent in FY01, because of lower level of FY02 exports. Debt service obligations abroad remain modest because of low content of commercial borrowing in the debt stock, the large bulk being concessional loans to the government from multilateral lenders.

Short and medium term outlook for Bangladesh economy

Stabilisation efforts of the authorities, aided by a strong increase in workers' remittances, restored fiscal discipline and macro economic balance in FY02 without serious impairment of growth. The economy is now well-poised to regain growth momentum; the trends of manufacturing, exports and imports from fourth quarter of FY02 support optimism about a sustained upturn.

Resumption of the past double-digits export growth rates would, however, depend on a rebound in the global economy, diversification of the country's narrow export base, and improving competitiveness. Tensions and war worries over Iraq have increased uncertainty about the pace of global economic recovery. Diversification of the export base would require sustained attention in areas affecting competitiveness of domestic production. Redressing the factors impeding competitiveness, and ensuring a stable macroeconomic environment would be urgent also for accelerating investment towards attaining growth

rates well over six percent (substantially higher than the trend rate of around five percent) which is needed to halve poverty level by year 2015, a Millennium Development Goal.

Adhering to the commitment to fiscal discipline with a medium term fiscal framework, announced in the Government's FY03 budget, would provide the base for continued stability. This commitment includes substantially raising the present low revenue/GDP ratio, disinvestment/ closing down of loss-making State Owned Enterprises (SOEs), avoidance of unproductive expenditure, increase in outlays for growth-inducing, poverty-alleviating projects, and maintaining budget deficits at low levels. Cautious, prudent monetary and external sector policies would need to go hand in hand with fiscal prudence, in a mutually consistent overall medium term macroeconomic framework.

Inefficiencies and inadequacies in physical infrastructure--ports communication and utilities--impede competitiveness of production in Bangladesh; rigidities in costs and prices of inputs and outputs (including the financial costs and prices, the interest rates and exchange rates) also hurt competitiveness. The export promotion approach of support to specific sectors with concessional interest rate and assistance/subsidy seeks to compensate for rather than to eliminate these impediments to competitiveness. Cash assistance and subsidy for apparels and jute goods exports have been scaled down in FY03 for eventual phase-out, but have been newly introduced for sectors like light engineering, frozen food, agricultural produce. This approach, besides being burdensome for the budget, is not optimal for efficiency or diversification. Investments tend to converge into the few supported sectors where even inefficient producers continue because of the subsidy, while potentially competitive efficient producers in other sectors remain unsupported and ignored.

For broad-based, lasting gains in competitiveness needed to attain the high poverty-alleviating growth rates, priorities would need to be refocused on redressing the inefficiencies/inadequacies in infrastructure and the price rigidities faced by domestic producers. In the real sector, this would entail completion of structural reforms in infrastructure including ports and utility services, (including competitive private sector participation) and freeing up of the remaining administratively set utility prices.

Addressing the rigidities in interest rates and exchange rates would entail completion of a broad range of reforms in the financial sector, many now ongoing. Reducing the downward stickiness of deposit interest rates would require lowering of the high rates on government savings certificates to suitable market-based levels. Financial health of the smaller, weaker banks and finance companies will also need to be shored up, so that they do not need to bid for funds in the market at high rates. Reducing the downward stickiness of lending interest rates would require substantial improvement in the current lending and loan management and recovery practices to ensure better asset quality and lower levels of non-performing loans. The large past stock of non-performing loans will also have to be dealt with. These reforms in case of the four large nationalised commercial banks handling about half of total bank deposits and credit would require major, radical departure from their current structure and practices.

In the transition from rigid, administratively set exchange rates to a market-based flexible regime, a money market with Taka interest rates flexibly responding to changing liquidity levels is needed to absorb part of the pressure in the exchange market, and to enable influencing the exchange rate with Taka market intervention. The weekly auctions of Treasury bills of 28 days to 5 year tenor, and with the recently introduced overnight and 7 day Repos will establish better and timelier responses to the changing liquidity levels in the market. The ongoing work of activating a secondary market in Government Treasury bills and bonds will deepen the process further.

A more pressing concern with flexible exchange rates and interest rates is the capacity of banks for day to day management of their exchange rate and interest rate risk exposures. Banks have some familiarity with use of forwards and swaps in the exchange market, but money market interest rate variability is more recent in Bangladesh, and risk management practices in this area would be rudimentary in most banks. Capacity building in both the areas of risk management has assumed urgency.

4.2 Financial System of Bangladesh

The financial system of Bangladesh consists of Bangladesh Bank (BB) as the central bank, 4 nationalized commercial banks (NCB), 5 government owned specialized banks, 30 domestic private banks, 12 foreign banks and 22 non-bank financial institutions. The

financial system also embraces insurance companies, stock exchanges and co-operative banks.

Central Bank and its policies

Bangladesh Bank (BB), as the central bank, has legal authority to supervise and regulate all the banks. It performs the traditional central banking roles of note issuance and of being banker to the government and banks. It formulates and implements monetary policy manages foreign exchange reserves and supervises banks and non-bank financial institutions. Its prudential regulations include: minimum capital requirements, limits on loan concentration and insider borrowing and guidelines for asset classification and income recognition. BB has the power to impose penalties for non-compliance and also to intervene in the management of a bank if serious problems arise. It also has the delegated authority of issuing policy directives regarding the foreign exchange regime.

Interest Rate Policy

Under the new interest rate policy which became effective in January 1990, all deposit rates are decontrolled. Lending rates are all freely determined by the market, except for exports.

Capital Adequacy

In January 1996, BB announced a new policy on Capital Adequacy along the lines recommended by the Basle Committee on banking supervision. The Revised policy on capital adequacy requires scheduled banks to maintain at least 8% of off-balance sheet risk and risk in different types of assets as capital.

Loan Classification and Provisioning

Bangladesh Bank introduced new accounting policies with respect to loan classification, provisioning and interest suspense in 1989 with a view to attaining international standards over a period of time. A Revised policy for loan classification and provisioning was introduced from 1st January, 1999. The Revised policy calls for an independent assessment of each loan on the basis of qualitative factors and objective criteria. Each loan is branded with the worst level of classification resulting from these independent assessments.

If a **Continuous Credit** or a **Demand Loan** remains non-performing for 6 months or more it is classified **Sub-standard**. It is classified as **Doubtful** if it remains non-performing for 9 months and classified as **Loss** if non-performing for 12 months or more.

In the case of a **Term Loan**, which is repayable within a maximum period of 5 years, if any installment is not repaid within the specified period and if the time-equivalent of such unadjusted balance is 6 months, it is classified **Sub-standard**. A Term loan is classified **Doubtful** and **Loss** if the time-equivalent of unadjusted balance is 12 months and 18 months respectively.

Agricultural Loan and Micro-Credit is classified **Sub-standard** if non-performing for 12 months, **Doubtful** if non-performing for 36 months and **Loss** if non-performing for more than 60 months.

Under the existing system scheduled banks are required to maintain provisions against unclassified and substandard loans in addition to doubtful and loss loans. They are allowed to book interest against classified loans only on cash basis.

Whether a credit is classified or not under the objective criteria, it is subjected to classification under qualitative judgment if any doubt arises regarding repayment of loan.

Foreign Exchange System

On March 24, 1994 Bangladesh Taka (domestic currency) was declared convertible for current transactions in terms of Article VII of the IMF Articles of Agreement. Consequent to this, current external settlements for trade in goods and services and for amortization payments on foreign borrowings can be made through banks authorized to deal in foreign exchange, without prior central bank authorization. However, because resident owned capital is not freely transferable abroad (Taka is not yet convertible on capital account), some current settlements beyond certain indicative limits are subject to bonafides checks.

Exchange Rate Policy

The Exchange rate policy of Bangladesh Bank aims at maintaining the competitiveness of Bangladeshi products in the international markets, encouraging inflow of wage earners' remittances, maintaining internal price stability, and maintaining a viable external account

position. Adjustments in exchange rates are made while keeping in view the trends of Real Effective Exchange Rate (REER) index based on a trade-weighted basket of currencies of major trading partners of Bangladesh and the trends of other important internal a

The interbank foreign exchange market sets the exchange rates for customer transactions and interbank transactions based on demand-supply interplay; while the exchange rate for Bangladesh Taka in Bangladesh Bank's transactions with scheduled bank is notified by Bangladesh Bank with the consent of the Government. Bangladesh Bank notifies a trading band (presently Tk 57.40 to 58.40 per USD) within which it will undertake transactions with banks at rates agreed on a deal- to-deal basis.

Bank Licensing

Bank Company Act, 1991, empowers BB to issue licenses to carry out banking business in Bangladesh. Pursuant to section 31 of the Act, before granting a license, BB needs to be satisfied that the following conditions are fulfilled:"that the company is or will be in a position to pay its present or future depositors in full as their claims accrue; that the affairs of the company are not being or are not likely to be conducted in a manner detrimental to the interest of its present and future depositors; that, in the case of a company incorporated outside Bangladesh, the Government or law of the country in which it is incorporated provides the same facilities to banking companies registered in Bangladesh as the Government or law of Bangladesh grants to banking companies incorporated outside Bangladesh and that the company complies with all applicable provisions of Bank Companies Act, 1991."

Licenses may be cancelled if the bank fails to comply with above provisions or ceases to carry on banking business in Bangladesh.

Commercial Banks

The commercial banking system dominates Bangladesh's financial sector with limited role of Non-Bank Financial Institutions and the capital market. The Banking sector alone accounts for a substantial share of assets of the financial system. The banking system is

dominated by the 4 Nationalized Commercial Banks, which together controlled more than 54% of deposits and operated 3612 branches (58% of the total) as of June 30, 2001.

Specialized Banks

Out of the 5 specialized banks, two (Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank) were created to meet the credit needs of the agricultural sector while the other two (Bangladesh Shilpa Bank (BSB) & Bangladesh Shilpa Rin Sangtha (BSRS)) are for extending term loans to the industrial sector.

Financial Institutions

Twenty two financial institutions are now operating in Bangladesh. Of these institutions, ten are local and the other twelve are established under joint venture with foreign participation. The Total amount of loan & lease of these institutions is Tk. 13168 million as on 30-06-2000. To enable the financial institutions to mobilize medium and long term resources. Government of Bangladesh (GOB) signed a project loan with IDA, and a project known as "Financial Institutions Development Project (FIDP)" has started its operation from February 2000. Bangladesh Bank is administering the project. The Project has established "Credit, Bridge and Standby Facility (CBSF)" to implement the financing program with a cost of US\$ 57.00 million.

Capital Market

The Capital market, an important ingredient of the financial system, plays a significant role in the economy of the country.

1. Regulatory Bodies

The Securities and Exchange Commission exercises powers under the Securities and Exchange Commission Act 1993. It regulates institutions engaged in capital market activities. Bangladesh Bank exercises powers under the Financial Institutions Act 1993 and

regulates institutions engaged in financing activities including leasing companies and venture capital companies.

2. Participants in the Capital Market

The SEC has issued licenses to 27 institutions to act in the capital market. Of these, 19 institutions are Merchant Banker & Portfolio Manager while 7 are Issue Managers and 1(one) acts as Issue Manager and Underwriter.

Stock Exchanges

There are two stock exchanges (the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE)) which deal in the secondary capital market. DSE was established as a public Limited Company in April 1954 while CSE in April 1995. As of 30 June 2000 the total number of enlisted securities with DSE and CSE were 239 and 169 respectively. Out of 239 listed securities with the DSE, 219 were listed companies, 10 mutual funds and 10 debentures.

Investment Corporation of Bangladesh (ICB)

The Investment Corporation of Bangladesh was established in 1976 with the objective of encouraging and broadening the base of industrial investment. ICB underwrites issues of securities, provides substantial bridge financing programs, and maintains investment accounts, floats and manages closed-end & open-end mutual funds & closed-end unit funds to ensure supply of securities as well as generate demand for securities. ICB also operates in the DSE and CSE as dealers.

Specialized Banks

Bangladesh Shilpa Bank (BSB), Bangladesh Shilpa Rin Sangstha (BSRS), Bank of Small Industries and Commerce Bangladesh Limited (BASIC), some Foreign Banks and NCBs are engaged in long term industrial financing.

Insurance

The insurance Sector is regulated by the Insurance Act 1938 with regulatory oversight provided by the controller of Insurance on authority under the ministry of commerce. General insurance is provided by 21 companies and life insurance is provided by 6 companies. The industry is dominated by the two large, state-owned companies--SBC for general insurance and JBC for life insurance--which together command most of the total assets of the insurance sector.

Micro Financial Institutions

A rapidly growing segment of the Rural Financial Market (**RFM**) in Bangladesh is member-based institutions. The largest member-based institution is the **Grameen Bank**, the only formal institution of its type. All others are Non-Government Organizations (**NGOs**), the largest of which include **BRAC**, **ASA** and **Proshika**. Most of these institutions have an explicit social agenda to cater to the needs of the poorest sections of the non-agricultural population, with women making up a majority of their clientele. Up to December 1999 all the reported Micro Finance Non-Government Organizations (**MFNGOs**) have disbursed a total of Tk. 92,436.20 million and the total loans outstanding are Tk. 18,692.17 million. Total active members were 9,433,974. The average recovery rate was approximately 95%. There are 87 MFIs which have outstanding loans of more than Tk. 10 million and 18 MFIs which have outstanding loans of more than Tk. 150 million.

Chapter 1: Overview of the project

1.1 Introduction

I am doing my internship in the National Bank Ltd. (NBL), which is one of the leading banks in the first generation private sector banks in Bangladesh. So I will submit my report on the National Bank Ltd. (NBL). My report will be on an evaluation of the new products, online banking and the ATM booths system of NBL and by this research it will be shown that how NBL is providing value added services to their consumers with these new products & services. The new products of NBL (lease financing, home loan and brokerage house) are continuously adding value to their services which is one of the main reasons for that NBL is being able to attract new consumers step by step. On the other hand NBL has high potential to increase their pace to reach the consumer mind as they are getting involved in online banking system and consequently they should increase the number of ATM booths so that they will become able to stand their position with full confidence and supremacy as the first private bank of Bangladesh.

1.2 Objective of the study

For Bangladesh banking is one of the most lucrative sectors which is now introducing our country in the world in a new way. According to that banking sectors are now trying to increase their service quality and as a result we are getting a lot of new products and services constantly from this sector. In this study I will discuss some of the new products and services of NBL which seems interesting to me and which has great prospective to give NBL a new start in the banking world of Bangladesh.

So my objective will be to focus on those products & services and by my research I will assure that these products and services are going to catch the attention of new consumers in an extensive way, consequently NBL will become successful to stand-in the leading position of the private banking sector of Bangladesh.

Center of attention

- **New products of NBL:** NBL has some new products (lease financing, home loan and brokerage house) which are influencing the new consumers in such a way so that the world of NBL is getting broader day by day.
- **Online Banking:** One of the new value adding services of NBL is online banking and day by day all of their branches are getting involved in online banking.
- **ATM booth service:** They have a very few ATM booths by which they are trying to provide instant services. Therefore when they will establish a lot of ATM booths in all over the country then it will be easier to them to reach in the consumers mind. So that we can say that in these sectors they have huge potential because already they have a great amount of consumers.

1.3 Significance of the study

This study will facilitate NBL to know their possibility of the new products and services so that they will be able to know that what steps they should take to increase the quality of those new products and services. This study will help NBL to know what consumers expect from them and identify the areas in which they are covering behind. Based on findings, NBL can take necessary steps to live up the consumer's expectation. Some specific part of the study will help the consumers to select the appropriate products and services amongst the wide range of products and services. On the other hand consumers will come to know about the new products and services of NBL which will be a positive point for NBL because sometimes new products can create the demand in the consumer's mind. So, we can say that this study will help the consumers to know about the products and services, on the other hand employees will come to know about that they should take action to increase the quality of the service with confidence and reliability which will take away their company in a long way.

1.4. Hypothesis

H1: New products of NBL (lease financing, home loan and brokerage house) have the ability to fight in the competitive banking sector.

H2: Increasing the number of ATM booths will enhance the number of customers of NBL.

H3: Online banking has high prospect to add value to the service quality of NBL.

1.5. Methodology

The project will be based on both primary and secondary data. The primary and secondary sources are:

Primary Sources: The source of primary data will be information and interviews from authorized person of NBL, Elephant branch. The officials who will be interviewed are:

- ✿ Branch Manager
- ✿ Head of the deposit sector
- ✿ Officers of the advance
- ✿ Clearance head
- ✿ Head of the foreign Remittance

- ✿ Head of the local Remittance
- ✿ Some regular consumers

On the other hand I will take interview from the consumers and so that I will arrange some questions for them which will help them to answer my questions as early as possible in a dependable way. As a result I will be able to know more information about the consumer's perception on the new products & services within a very short period of time.

Secondary Sources:

- ✿ Different newsletters of NBL,
- ✿ Different types of brochures of NBL,
- ✿ Website of NBL and
- ✿ Other regular reports maintained by the NBL.

Research Method

The study has a descriptive research design. The population of the study comprises of all the NBL consumers in Bangladesh. However, no such comprehensive list of consumers is

available. Such a comprehensive list of consumers would have required all the branches of NBL to reveal their consumers' list along with the consumers contact details. However, such a list could not be availed from the banks due to reasonable competitive reasons of the bank.

My sample size will be 150 and my target population will be the subscribers of NBL. Here it should be noted that there is no discrimination among the subscribers of different branches. For being respondent, one should be a subscriber of any branch of Bangladesh.

The survey instrument for collecting the data will be a questionnaire including open and closed-ended questions. All of the questions will be related to the hypothesis of the report. For three hypotheses there are three parts in the questionnaire.

For analyzing the data I will use MS Excel and in this section graphical presentation of the questionnaire will be shown which will help me to come up with the result part of research paper.

Chapter 2: Results of the Survey

2.1 Description of the survey procedure

In this survey sample size was 150 and Ms Excel was used to find out the results of the survey. Here some of the respondents are from Dilkusha branch, and the others are from Elephant branch. The reason for considering more than one branch is to find out the proper data about the customers so that survey could be totally unbiased in nature.

There are two parts in the survey. One is about the demographic information about the customers and another part is about the customer's conception about the new products and services of NBL. Demographic information is counted because by that part it will be easy to express the customer's conception based on their age, educational level, income level, occupation and monthly income level.

In the second part (customer's conception about the product) the questionnaire was divided into five parts. In the first part there was some basic information about the customers of NBL and their satisfaction level about the NBL products and services. In the second part the questionnaire was designed according to the Hypothesis 1 which was about the new products of NBL. In this part the customer's idea about the new products was tested because if a customer doesn't know about the new products of the bank then they will be able to use that product properly and the new products will be not be able to reach the customer's mind. So that, according to the customer's point of view the most suitable new products and non suitable products for the customers were also discussed in the part.

The part was consisted the questionnaire about the Hypothesis 2 which was about increasing the number of ATM booths because NBL has only nine ATM booths in Dhaka. So in this part it was discussed with the customers about the importance of increasing the ATM booth in allover Bangladesh.

Next part was about the Hypothesis 3 which was about online banking services of NBL. According to the customer's point of view, the value of online banking was discussed in this part.

At the last part there were two supporting questions which will support my hypotheses and the feasibility of the project. In the part there is an open ended question by which some new ideas came up from the customers by which NBL can improve their products and services.

2.2 Description of the graphical presentation of survey results

Demographic Information

In the first part of the survey there was some demographic information about the customers. Sample size was 150. There were 4 age groups and from those it was found that most of the customers belong to the age group of 36 & above that means from 150 respondents 60 people were from this age group. 33 respondents were from 31-35 groups, 37 respondents were from 25-30 group and 20 respondents were from 18-24 group. According to the survey it was easily understandable that new generation are not that much attracted to the NBL products and services.

From 150 respondents 24 were from no income group and some of the students and house wives were included in this group. Then 9 respondents income was from 1500-1000 Tk, 13 respondents income was from 1001-15000 TK, 32 respondents income was from 15001-10000 TK, 17 respondents income was from 10001-20000 TK, 26 was from 20001-30000 TK, 11 respondents income was from 30001-40000 TK, 18 respondents income was from 150001 TK & above. So it is visible that most of the respondents' income was from 15001-10000 TK.

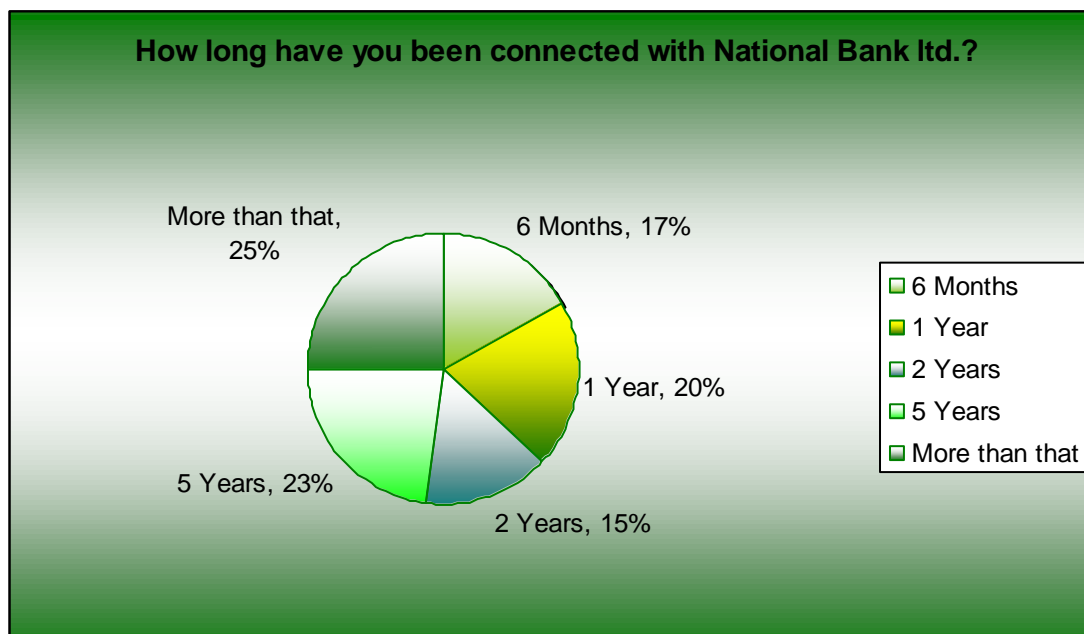
20 respondents were students from the 150 respondents, 55 are service holder, 62 are business person, 6 respondents are housewife from the 31 female respondents, 2 respondents are teacher and 5 respondents are currently unemployed.

From the 150 respondents 55 have completed Higher Secondary, 67 have completed under graduation, 25 of the respondents have completed post graduation and 3 of the respondents have no job.

From the research it was found that 3 of the respondents who don't have any educational qualification have recently been unemployed. On the other hand it is also found that new generation people are not that much interested about the NBL products and services so that the people of 36 & above age group are one of the most important target market for NBL.

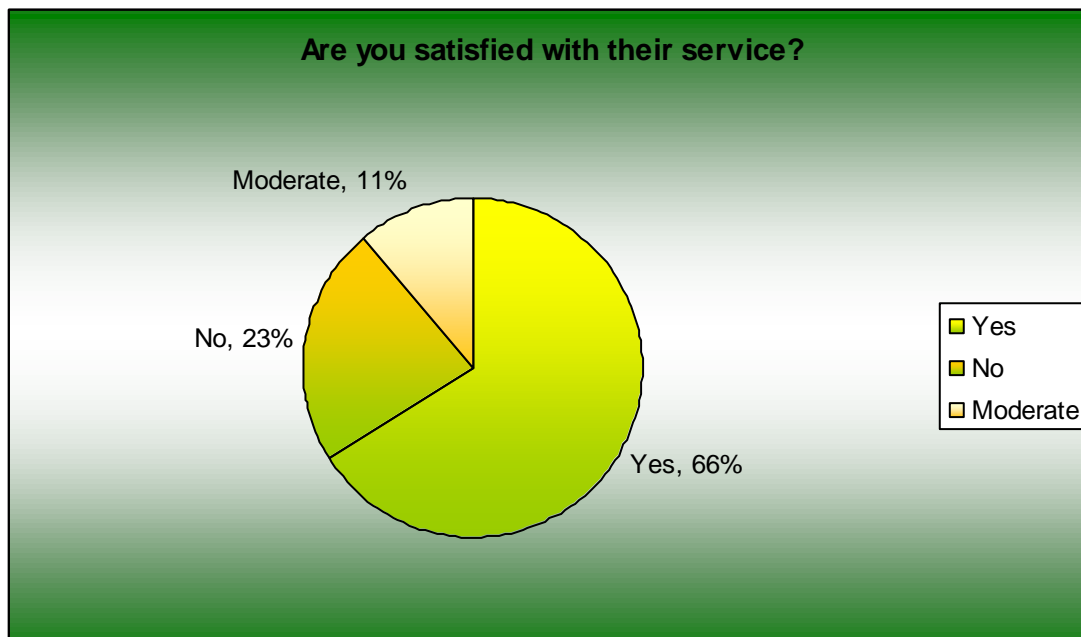
❖ **Results from the survey**

✓ **Duration of the Relationship**



First question was about the duration of the relationship with NBL of the respondents. Here it was found that most of the people are connected to NBL more than five years. From 150 respondents 25% was connected to NBL for more than 5 years, 20% was connected for 1 year, 23% was connected for 5 years, 15 % was connected for 2 years and 17% was connected for 6 months. Here it was originated that most of the students are from those 17% who were connected to NBL for 6 months.

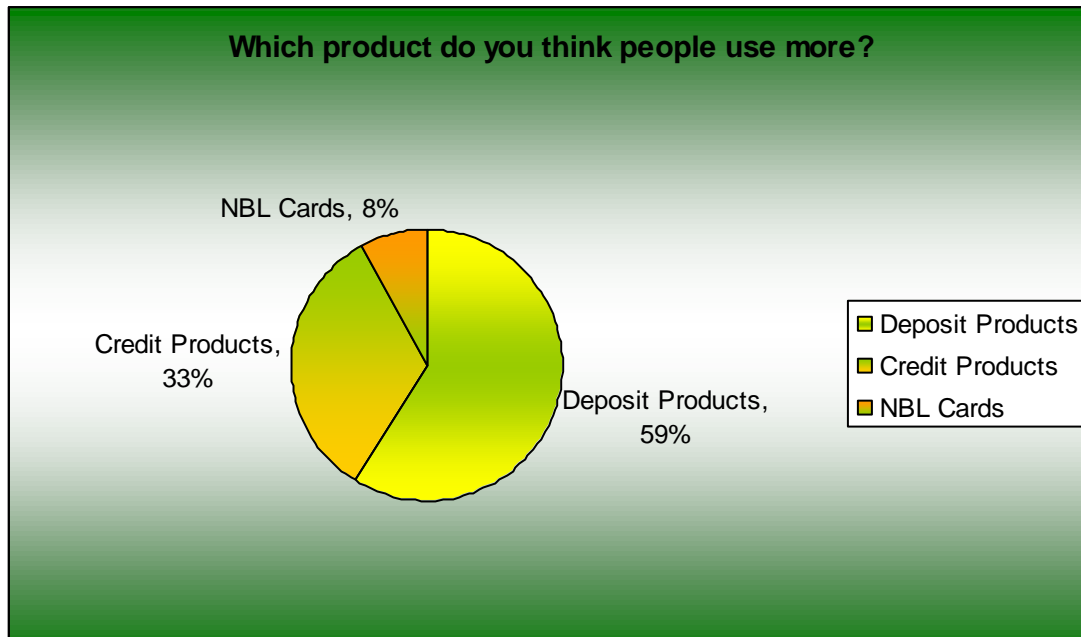
✓ Satisfaction Level of the customers



From the 150 respondents 66% are satisfied about the services of NBL, 23% are not satisfied and 11% are moderate about the service of NBL. Here it should be mentioned that the people who are satisfied with the services of NBL most of those respondents are connected to the NBL for more than 5 years. The new people who have just connected to

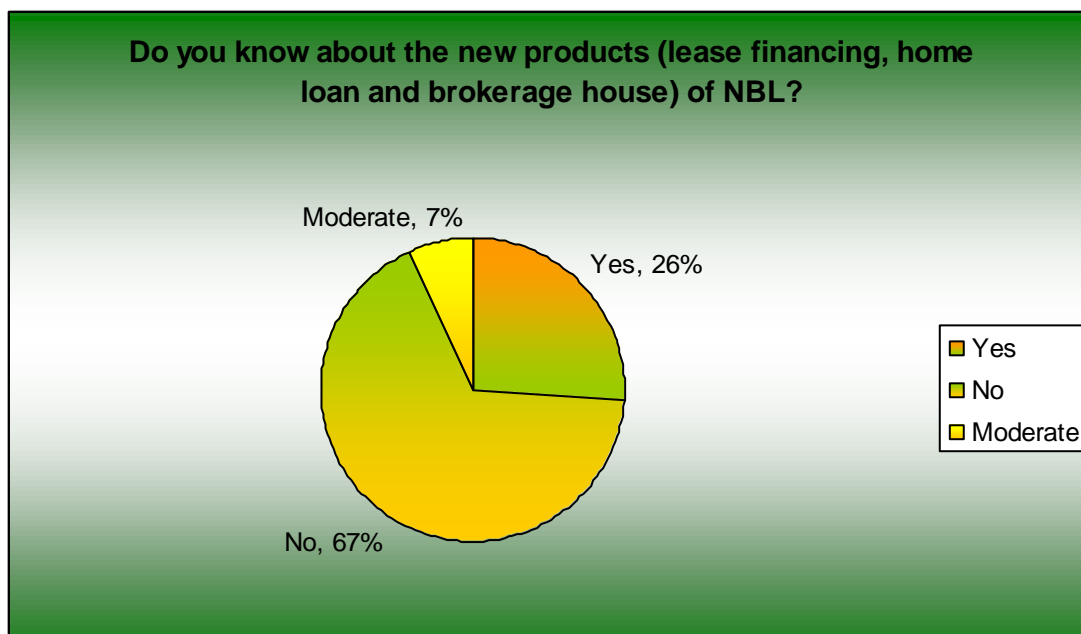
NBL for 6 months some of them are not satisfied with the services and some of them are moderate about the services. Consequently the persons who are uneducated almost all of them were also moderate about the service of NBL.

✓ **Most used product according to the customers' conception**



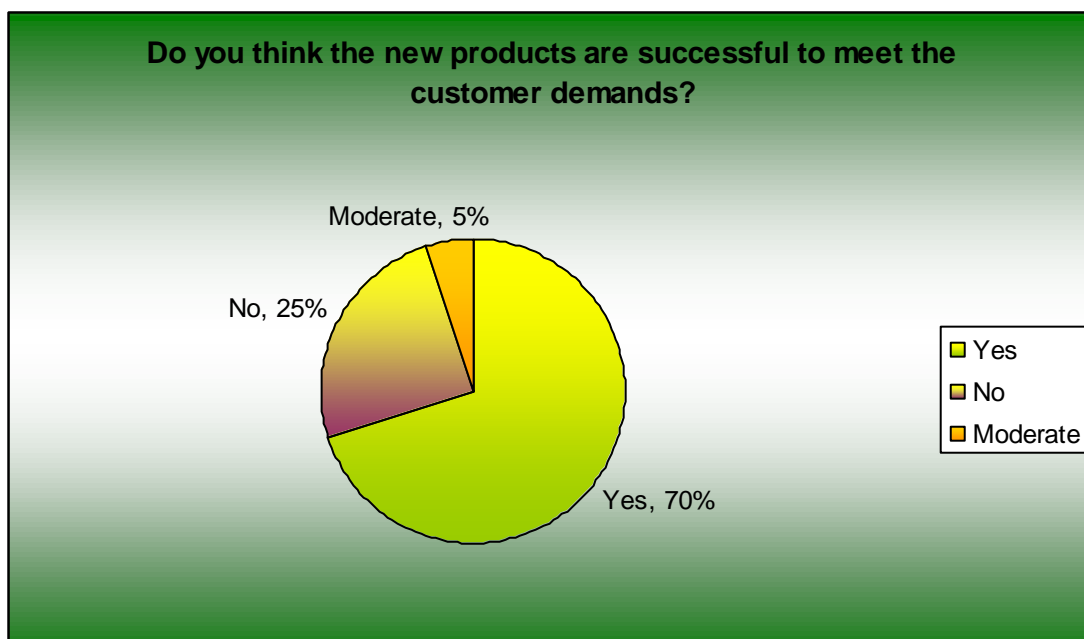
Mainly NBL has three types of products. Deposit products, Credit products and NBL cards. From the research it was found that 59% of 150 respondents use deposit products, 33% of total respondents use credit products, and 8% of total respondents use NBL cards.

✓ **Customer's knowledge about the new products**



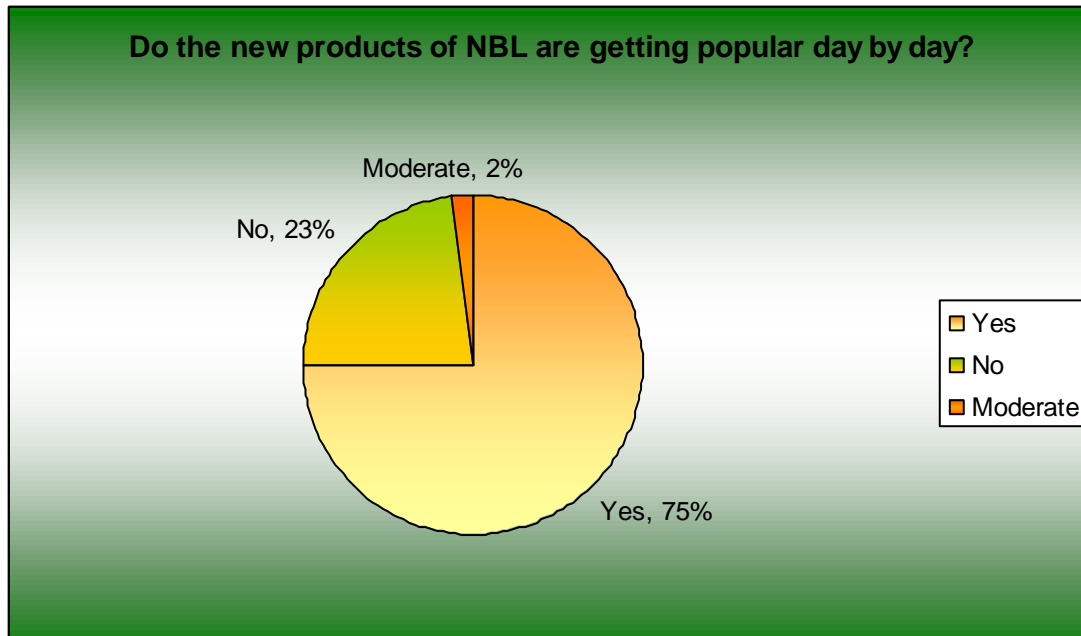
From the total respondents 67% don't know about the new products of NBL. 26% know some information about the new products and 7% of the respondents were moderate about the answer because some of them were confused about their knowledge about the new products of NBL.

✓ Customer Demand



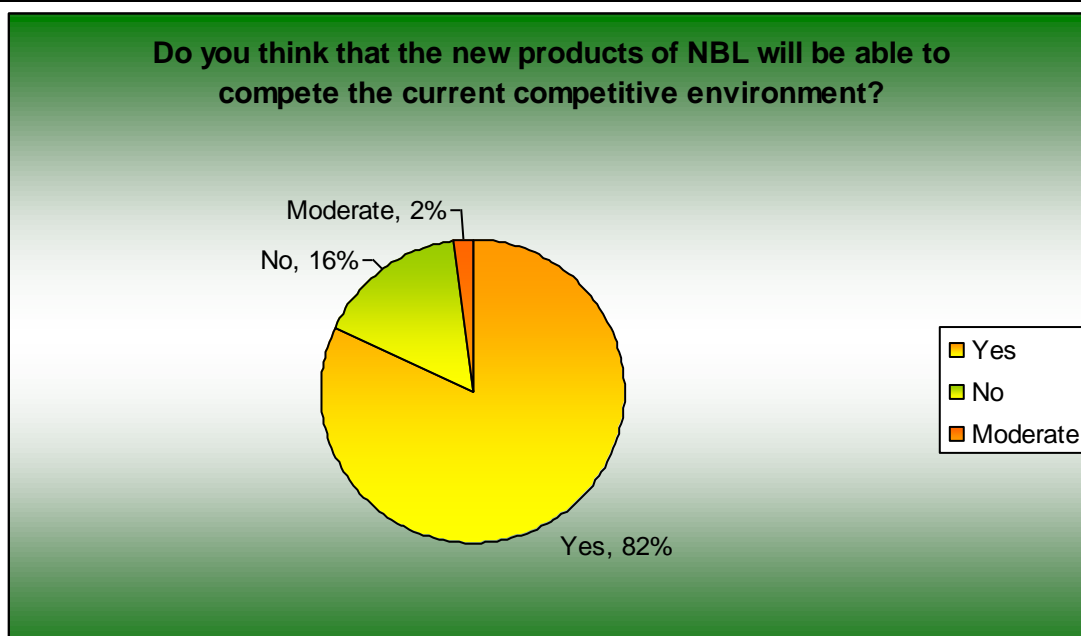
This part is only discussed about only those 26% of the total respondents who know about the new products of NBL. That means from 150 respondents only 39 people know about the new products. From those 39 respondents almost 70% think that the new products are successful to meet the customer demand. Consequently 25% don't agree that the new products are successful to meet the customers demand and 5% are moderate about their answer.

✓ **Popularity of the new products:**



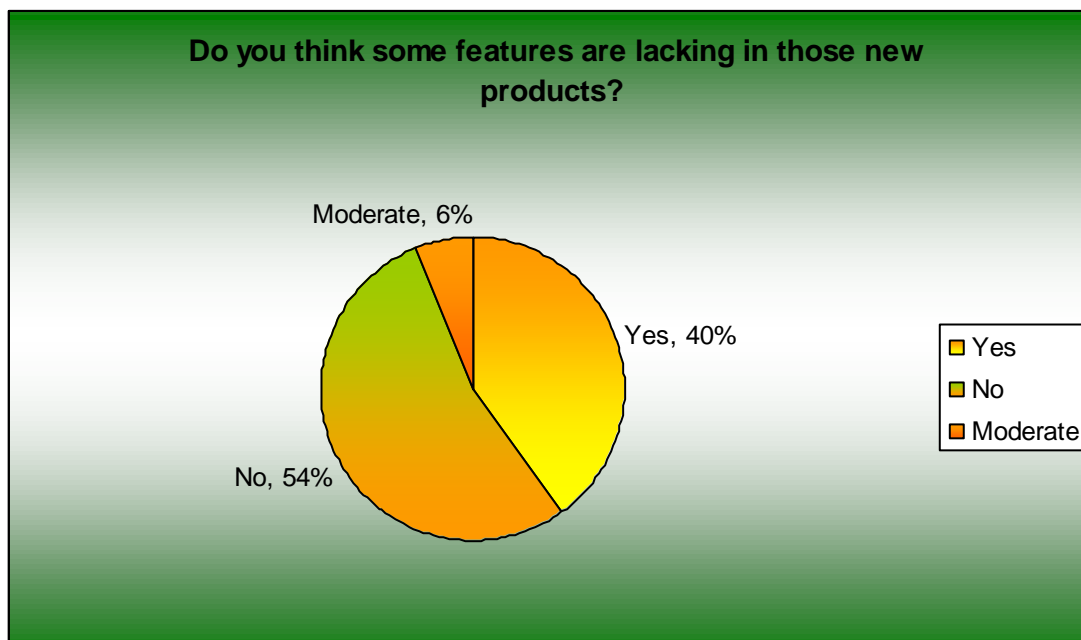
From the total respondents of 39 people who know about the product 75% think that the new products are getting popular day by day. 2% are moderate and 23 % think that the product is not successful to reach the customers mind because of some problems.

✓ **Ability of the new products to compete**



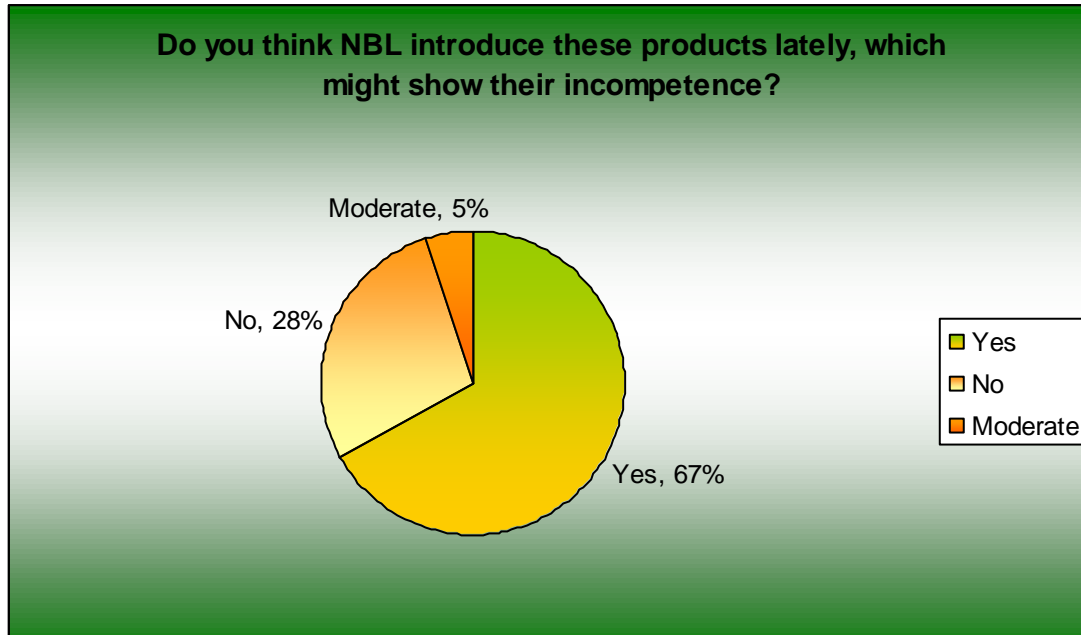
From the 150 customers of NBL only 39 people have the clear idea about the new product of NBL and from those 82% think that the new products of NBL will be able to compete the current competitive environment. But 16% of them think that the new products didn't achieve that quality to challenge the competitive environment.

✓ Consumers' perception about the lacking of the new products



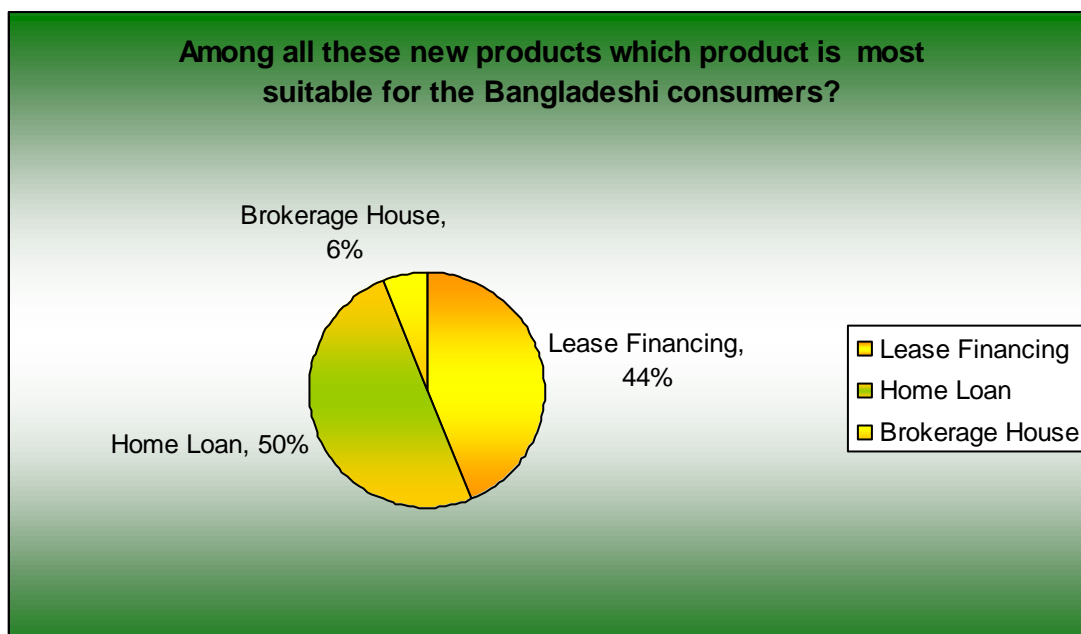
From the total respondents who have the proper idea about the product 54% don't think that there is some lacking in some features of the new products, 40% think that there is lacking and 6% were moderate.

✓ Competency of the new products



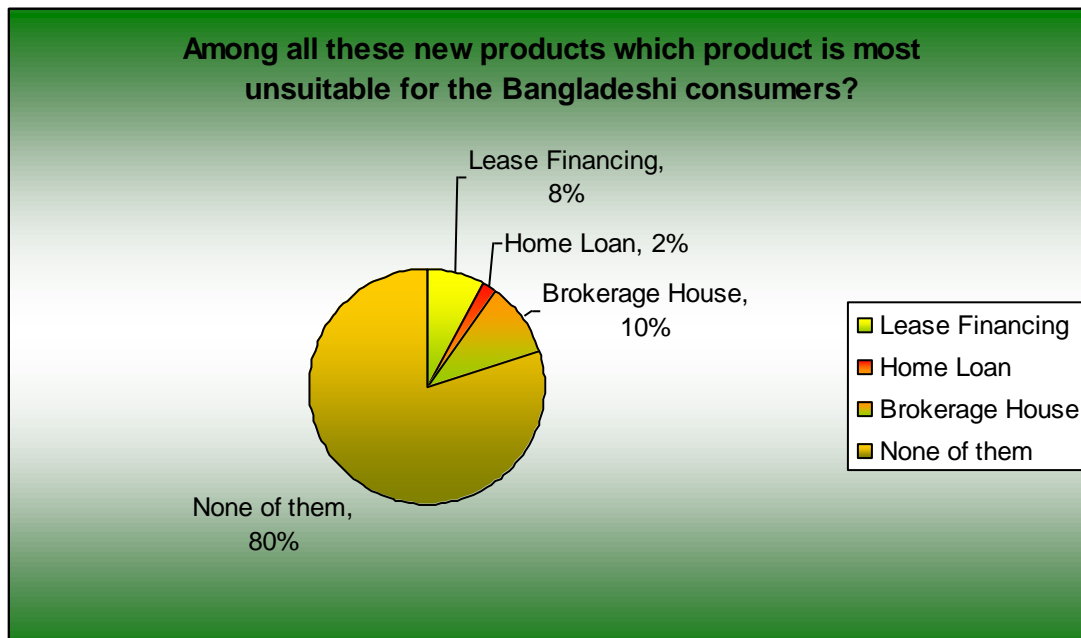
67% of the total respondents answered that NBL is too late to introduce those new products which may show their incompetence, 28% answered the delay don't focus on the incompetence and 5% of the total respondents were moderate.

✓ Most suitable Products for Bangladeshi people



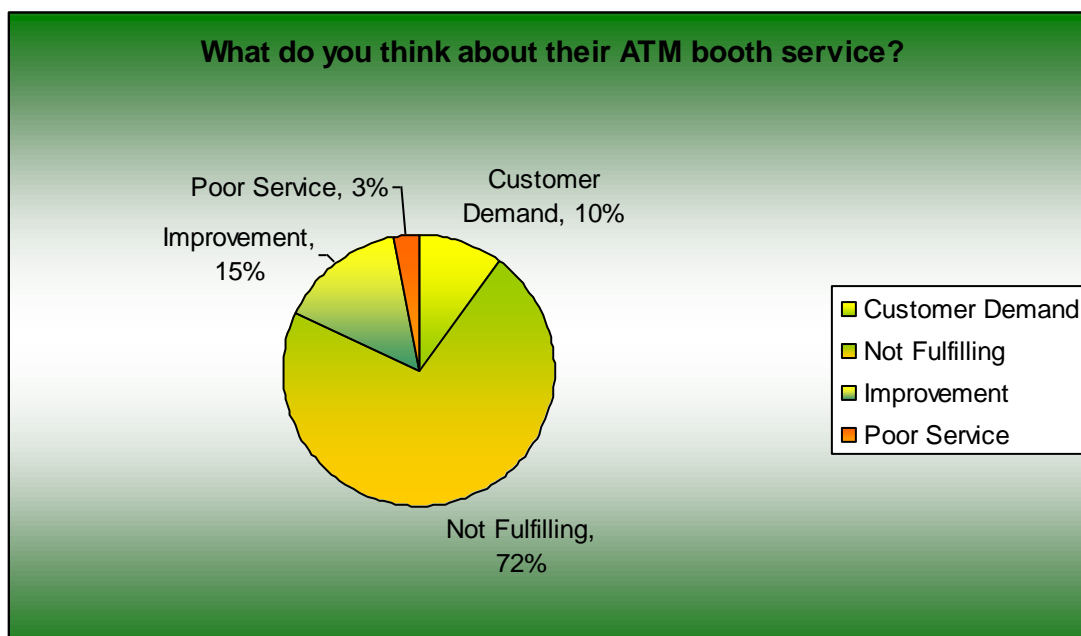
From total respondents 150% answered that home is the most suitable product for Bangladeshi people, 44% answered that lease financing is the most suitable and 5% answered that brokerage house is the most suitable product for Bangladeshi people.

✓ Most unsuitable product for Bangladeshi people



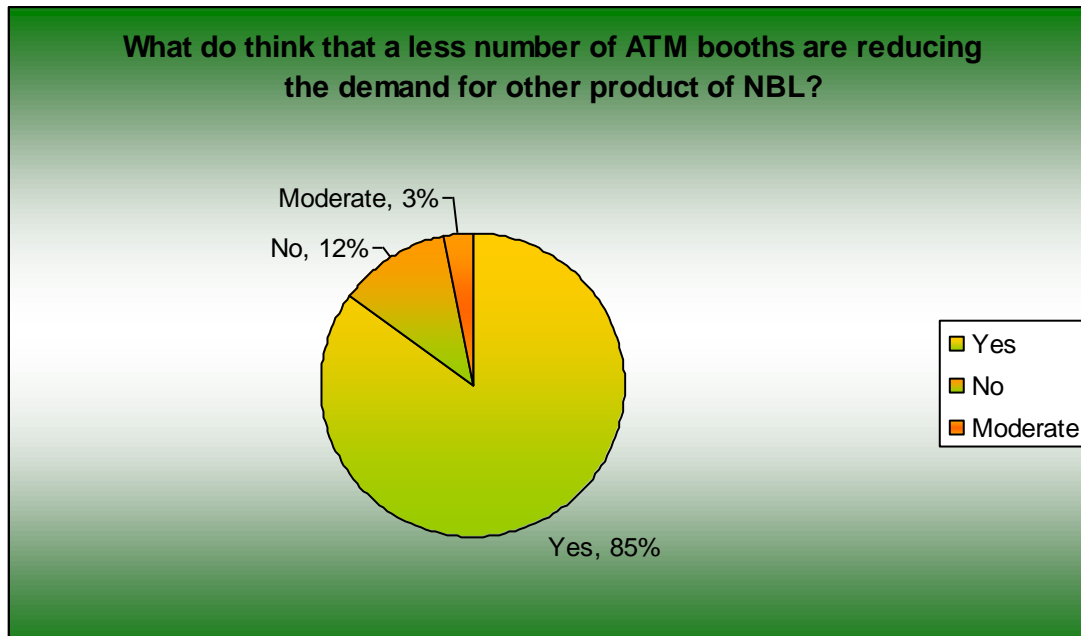
80% of the total respondents answered that none of the new products are unsuitable for the Bangladeshi people, 10% answered brokerage house is unsuitable, 2% answered home loan is unsuitable and 8% answered that lease financing is unsuitable for Bangladeshi people.

✓ ATM booth Service



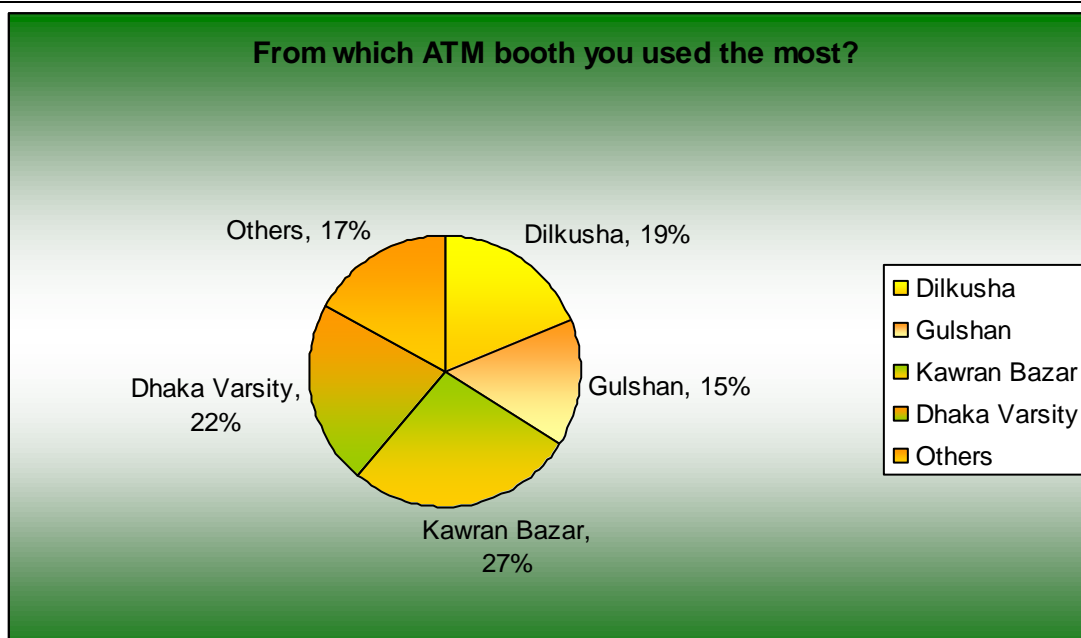
From the total respondents 72% think that ATM booth service are not successful to fulfill the demand of the customers, 15% answered that they are trying to improve the service, 10% think they are fulfilling the customers demand and 3% answered that ATM service is very poor because of the less number of brunches.

✓ **Reducing the demand**



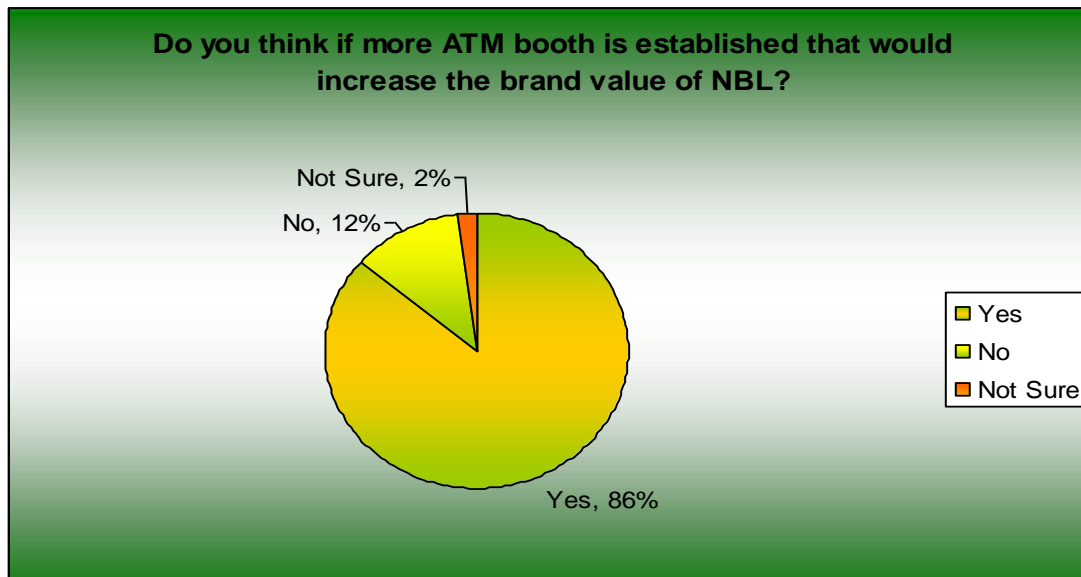
85% of the total respondents answered that a less number of ATM booths are reducing the demand for other products of NBL, 12% answered that the number of ATM booth is not affecting the other services. And 3% was moderate from the total respondents.

✓ **Popular ATM booth**



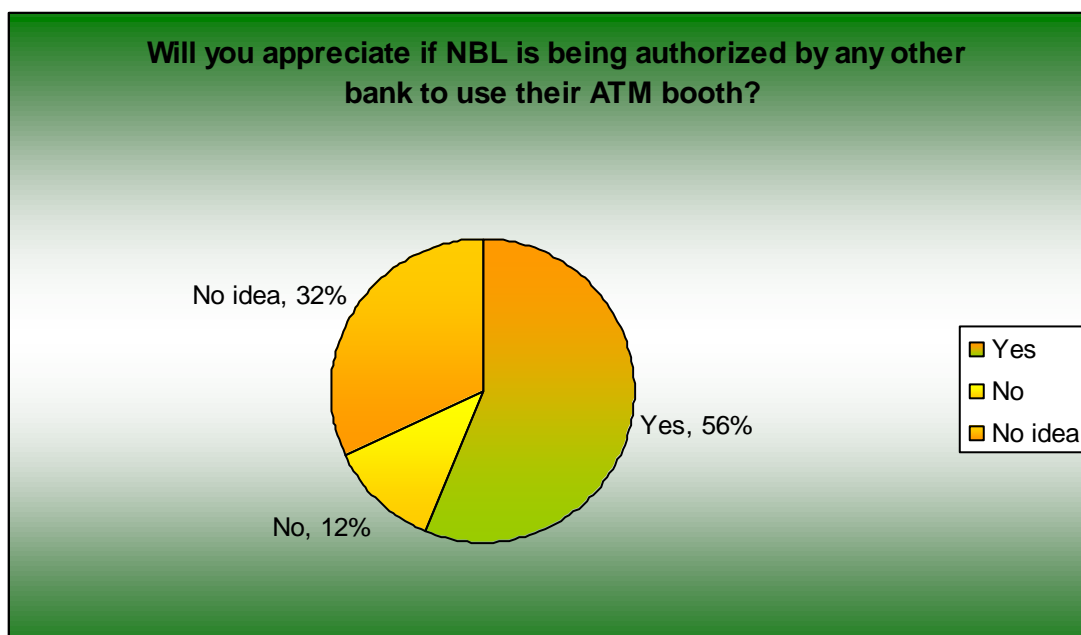
From survey it was found that an Elephant branch is one of the most popular branches and one of the busiest branches. 27% of total respondents used Elephant ATM booth, 22% answered that they use Dhaka varsity booth, 15% used Gulshan booth, 18% used Dilkusha booth and 17% answered that they use other ATM booth.

✓ **Increase of ATM booth will increase the brand value of NBL**



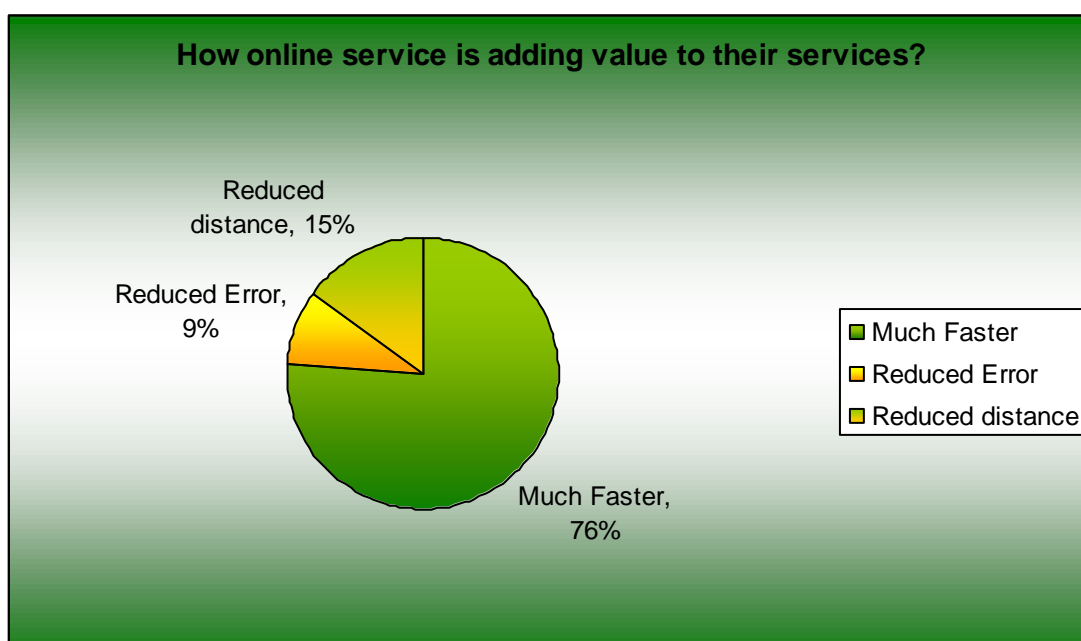
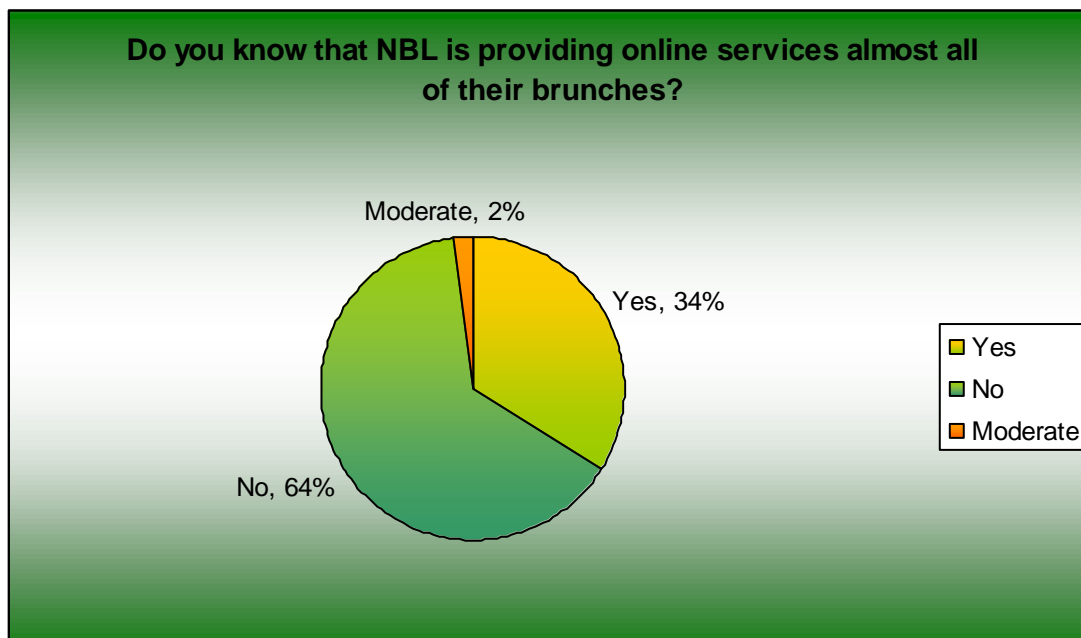
86% of the total respondents answered that if the number of ATM booth increase then it will help to increase the brand value of NBL, 12% answered that the increase of ATM booth will not affect the brand value and 2% answered that they are not sure about the 56% of the total respondents answered that they will appreciate if NBL is being authorized by any other bank to use their ATM booth, 12% answered that they will not appreciate, and 32% respondents have no idea about the system.

✓ **Online Service**



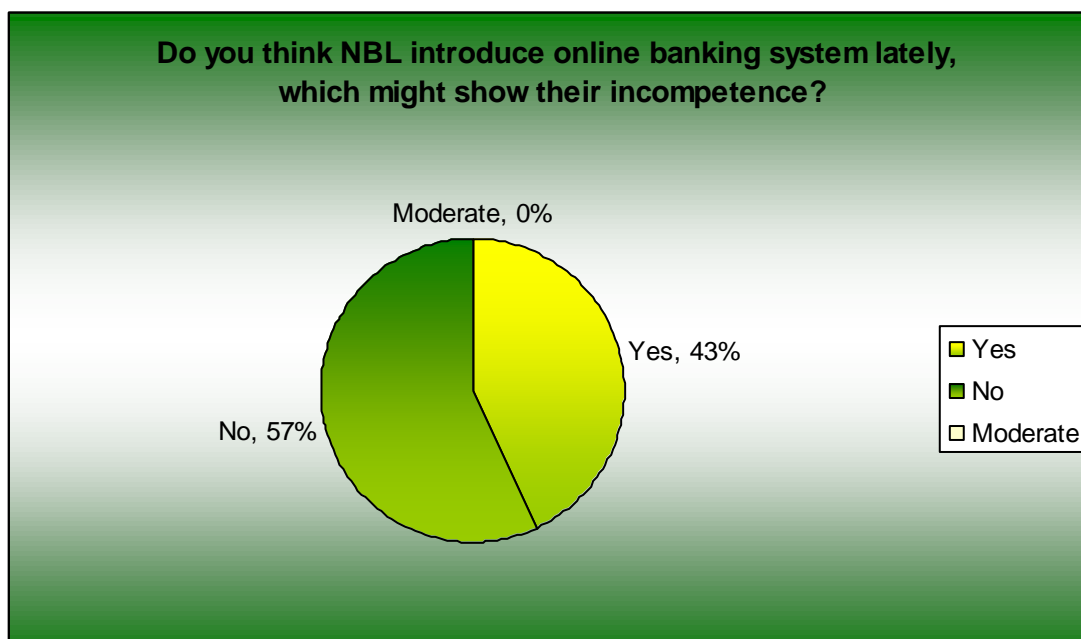
From the total respondents 64% answered that they don't know about the online banking of NBL, 34% answered they know about that NBL is providing online services almost all of their branches and 2% answered moderate.

✓ Value Addition



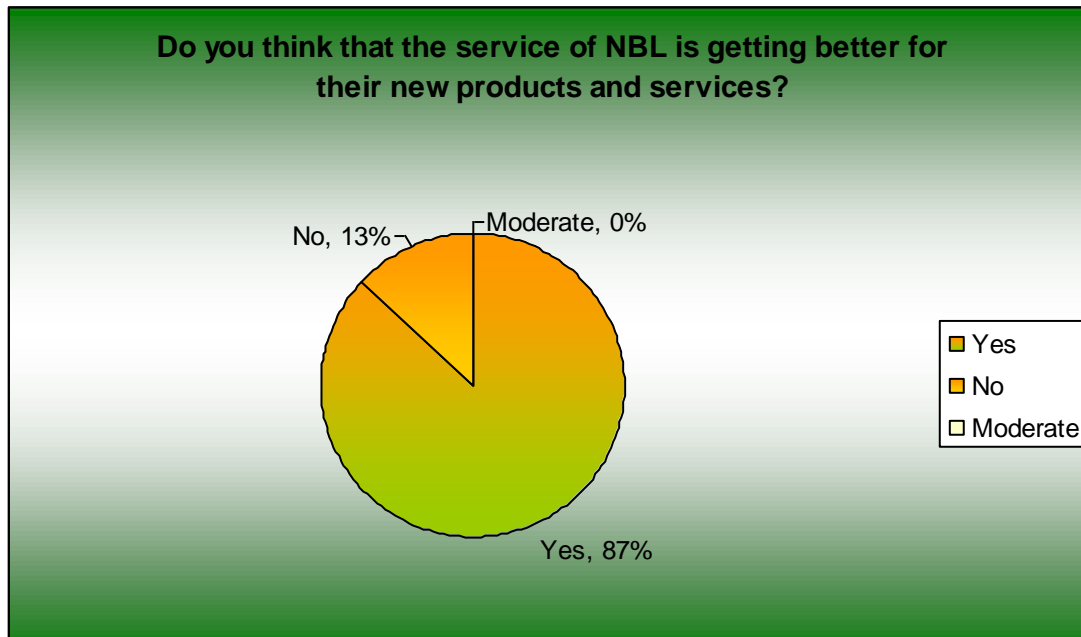
76% of total respondents answered that by providing much faster service online service is adding value to the NBL's services, 9% think that by using online the error has been reduced and 15% answered that because of online banking overall Bangladesh became successful to come under one roof.

✓ Delay of Online Banking



57% of total respondents answered that they don't think delay of online banking will not express the incompetence of NBL, 43% answered that it will be incompetence for NBL, and it answer this question no one was moderate.

✓ NBL is getting better day by day



87% of total respondents answered that the service of NBL is getting better for their new products and services, 13% didn't agree that the service of NBL is not getting better for their new products and services and there was no one who was moderate.

Customers' suggestions

At the last part of the questionnaire there was an open ended question for all the respondents where all of the customers were required to give some suggestion about the new service and products about NBL. Some of them suggested that NBL should take some action to let the people know properly about the new products and services of NBL. Consequently some of them suggested that the employees should be much more helpful to the employees so that they come to know about the online branches of Bangladesh as a result they can be able to send their TT and DD out side Dhaka by online. On the other hand as the first private Bank of Bangladesh NBL has a lot of old customers who have their account in this bank for a

long time. So sometimes it is occurred that the respected branch is farther then the home of the customer which is a very big obstacle so, customers suggested for improving the ATM booth services all over the country.

2.3 Discussion of results

According to the research it is clear that the new products and services of NBL are highly granted to the consumers of NBL who has a clear idea about the products and services. Form this research it I found that the respondents of new generation have new demand on the products and services. The old consumers were satisfied with the different types of products and services but the new generation people are not satisfied. They want the improved online banking service, ATM booth service etc. So to capture the current market NBL should think about the new customers also.

Though the NBL cards are providing very good services but still card service are not that much popular to the NBL customers, from the survey it was originated that most of the customers use deposit products and a very less number of people use NBL cards.

In the survey 150 respondents were considered as the sample, the survey was mainly based on the new products and services of NBL. But the problem was most of the respondents do not know about the new products of NBL. Some of those people who do not have knowledge about new products they are not interested about ATM booth service and online banking as well.

From the research it is found that the new products are fulfilling the demand of the customers and most of the customers think that the new entrance of new products will not show the incompetence of NBL. New products of NBL are getting popular day by day. The new products and the attractive features of new products will be able to defeat the current competitive environment according to the customers' belief.

Most of the people think that the ATM booth service is very poor but some people think that NBL is trying to improve the service quality. Some of the people will appreciate if NBL is being authorized by other bank to use their ATM booth which is a great thing for NBL.

Some of the people don't know that NBL is now providing online banking service almost all of the branches in Dhaka city. But it is not the ignorance of the customers rather it is the problem of NBL's marketing sector. NBL should much more concerned about increasing the quality of the service and make their customer know about their product and service as well.

Most of the questions people were moderate to answer but when it was the question about the improvement of the quality of NBL everybody was agreed that so that in the supporting question it was found that almost all of the respondents answered that the service of NBL is getting better for their new services.

2.4 Recommendation

I have drawn some recommendations on the basis of my study on the bank. These are as follows:

➤ **Introducing Marketing Research**

They can introduce marketing research because then they will be able to know about the market demand of their products and services and then they will be able to take action according to that.

➤ **Market segmentation strategies**

The bank should concentrate on the various demographic segments that are currently not very satisfied with the banks services. Products and services should be tailored for these segments. Appropriate research and surveys should be designed to find out the requirements of this dissatisfaction of the segments. On the other hand, the bank should capitalize on the segments that are currently very satisfied with the services.

➤ **Focus on relationship strategies**

The bank should focus more on existing customers in order to build strong and loyal relationship with them as satisfied customers more appropriately or certainly recommends

the bank to friends and relatives. Thus the power of relationship will foster positive Word of Mouth Communication and will attract new customers at a lower cost.

✦ **Faster Network System**

If the bank can establish a faster network system within its branches then it can easily transfer data within a shorter period of time.

✦ **Improve the efficiency level**

The foreign exchange department should be more efficient to communicate with the foreign banks. To make the process easy and quick the whole bank should be computerized and use faster communication system.

✦ **Employee Trainings**

Employee trainings and workshops should be administered in order to give them knowledge and professionalism of customer interactions. With more professional base employees can better satisfy the customers. They should be taught about how to deal with problem customers and how to deal problematic situations.

✦ **New packages**

Bank should offer new packages to attract new customer as well as existing customer.

✦ **New Branches**

It can open new branches in places where concentration of people who live abroad is more.

✦ **Increase the number of ATM booths**

NBL should increase the number of ATM booth

✦ **Promotional Activities**

It should increase its promotional activities to attract its customer.

2.5 Limitations of the Study

The main objectives of my short time practical learning is basically to get introduced with the products & services of NBL and gathering practical knowledge regarding those products & services of NBL. Since it is a very short period of time, I will not be able to collect more data to acquire deep understanding. There are some specific limitations that I am going to face in the time of my internship. These are as follows:

- ✿ Since the study will have to be made corresponding with other office work with in three months, time will be a major constraint in accumulating all sorts of information in an organized way.
- ✿ Confidentiality of data might be another important barrier that might be faced during the conduct of this study. Every organization has their own secrecy that is not revealed to others. While collecting data in NBL, it is obvious that personnel would not disclose enough information for the sake of confidentiality of the organization.
- ✿ Large-scale research might not be possible due to constraints and restrictions posed by the organization.
- ✿ As my study will be on the new products & services I will not be able to get that much information in the websites because there is no information about some of the new products.
- ✿ As per company's compliance, as an intern I am unable to obtain indispensable experiences of different departments.

Chapter 1: Conclusion

The report is all about the new products and services of National bank Bangladesh Ltd. National Bank is the first private bank of Bangladesh. The existing products were successful to reach the consumer's mind and as a result the number of NBL has increased day by day. The old customers were satisfied with the existing products but day by day the numbers of consumers are increasing and with that the new generation is getting connected with NBL. Their demand is different from the ancient customers so for them NBL should think again and they should try to improve their service quality continuously.

In the project part it was found that the new products are able to successful the current market demand and the research has taken place to ensure that the new products and services are improving the quality of NBL and attracting the new customers.

After the research I have got a clear idea about the overall products & services and the policies and procedures of the banking sector of Bangladesh. Comparing the other competitors of NBL it was originated that NBL is providing the quality service to their customers and their new products are adding value to their service. Their online banking service and ATM booth service is also appreciated by the consumers but the number of ATM booth can be one of the main obstacles for NBL to go ahead. So NBL should improve

the quality of the products and they should increase the number of ATM booth all over the country only then NBL will be able to keep their current position as one of the leading private bank of Bangladesh.

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- 3. www.trendsofthebankingsectorofbangladesh.com**

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- 1. Foreign Exchange Department**
- 2. Advance Department**
- 3. Deposit Section**
- 4. Clearance Section**